

World news

Saatchi **Dublin** attacks Ulster agency **Unionists**

Irish Foreign Minister Peter Barry SAATCHI & SAATCHI, UK adverdelivered a stinging attack on the Unionist leadership in Northern reland, which abruptly ended the offshoot. Dorland Advertising conciliatory tone that Dublin had Page 28 struck since signing the Anglo-Irish

agreement last November. His speech was timed for maximum impact on the eve of a meeting in London between UK Prime Minister Margaret Thatcher and James Molyneaux and the Rev Ian Paisley, the leaders of the two main Unionist parties.

The speech seemed to indicate that the Irish Government had lost patience with stubborn loyalist opposition to the accord. Page 19

Iran-Iraq battle

Iran threw in more troops in the battle to hold Faw, the Iraqi oil port it captured two weeks ago. It said it that attacked a Cyprus-registered supertanker near Kharg Island lraq said it was mounting a strong which has sprung partly from industrial problems at Impala Platical Conth. Africa. The London had shot down an Iraqi helicopter

Beirut blast deaths

At least five people were killed and 12 wounded when a car packed with explosives blew up outside a super-market in Christian east Beirut.

Rebeis shoot seven

Right-wing Mozambican rebels shot dead seven people, including a child, and critically injured 20 others in an attack on a bus near the town of Namascha close to the Mozambique-Swaziland border.

Kohl probe starts

Prosecutors started investigating allegations that West German Chancellor Helmut Kohi gave false testimony to a paritamentary inqui-

Workers ruling .

Palau vote

Treason verdict

ed of treason in Johannesburg after ity prices has scaled down its he admitted receiving military growth forecast for 1986 from 6 per training from the banned African cent to 3 per cent. Page 3

Spain has asked Denmark to extra-dite James Gomez, a Gambian ar-rested in Copenhagen for shoplift-ing. He is suspected of involvement in the murder of two Israelis in Barcelona last October.

Afghan exchange

Afghan guerrillas have reportedly swapped a Soviet prisoner for a rebel commander in a rare exchange.

Satellite 'will crash'

Soviet satellite Cosmos 1714 is out used by its rivals, Shell, Esso and of control and will crash to earth in BP. Court hearing, Page 22; Details, a matter of days, West German ex- Page 26

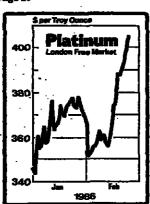
Egg hits Queen

Britain's Queen Elizabeth was hit year to December and plans a 2-by an egg in Auckland when she cent rise in its dividend for the curbegan a week-long tour of New Zea-land. Page 33

No. 29,864

buys US for \$75m

tising agency, announced a \$75m acquisition in the US through its Page 26



navy had launched two attacks on num, South Africa. The London price topped \$400 a troy ounce for the first time in two years, closing \$13.65 higher at \$405.50. Page 42

> WALL STREET: The Dow Jones industrial average closed up 0.57 at 1,698.28. Page 50

TOKYO: prices were driven to a record high for the first time in four trading days. The Nikkei average gained 70.28 to 13,503.49. Page 50

LONDON: equities powered ahead to record levels and gilts were also higher. The FT Ordinary share index added 19.2 to a peak 1,275.2 and the FT-SE 100 soured 15 to 1,533.0.

DOLLAR finished near its weakes levels of the day in London. It fell to DM 2282 (DM 23075), SFr 1901 (SFr 19345), FFr 7,0225 (FFr 7,09) and Y182.25 (Y182.90). On Bank of England figures, the dollar's index fell to 118.7 from 119.2. Page 43

STERLING rose in London to its | the world. The European Court ruled that highest level this year against the France should pay migrant workers dollar, gaining 1.65 cents to \$1.4635, who left their families at home the It was mixed against other currensame family allowance rates as cies closing at DM 3.34 (unthose who brought their families to changed), FFr 10.2775 (FFr 10.26), France,

Y266.75 (Y264.75) and SFr 2.7825 (SFr 2.80). Page 43

EUROPEAN CURRENCY UNIT: The islanders of Palau, a West Pa- West German Economics Minister cific UN trust territory, voted for semi-independence that will leave the drive to remove the restrictions on US in control of its defence for 50 use of the Ecu in the country.

Seoul frees opponent GOLD gained \$2.25 to \$341.25 in London, In New York the Comex South Korean authorities lifted a April settlement was \$351.00

12-day house arrest order on leading opponent Kim Dae-Jung amid signs that concillatory moves were PORTUGAL'S total public debt at underway between the Government December 31 last year exceeded the

1985 gross domestic product, ac-cording to Government figures. Page 26

A white South African was convict- MALAYSIA, hit by falling commod-

Spain wants Gambian BELGIUM'S monetary authorities have moved to head off further at-

ranging loans totalling FFr 400m (\$55.6m) to help fund development of the narrow-body A-320 Airbus airliner, Page 10

ICI, leading UK chemicals group, won a Court of Appeal ruling on proposed tax concessions on ethane, a petrochemical feedstock

TNT, Australia's largest transport group, boosted earnings 52 per cent to A\$55.5m (US\$39m) in the half

Washington tells Marcos US N-missiles to hand over peacefully

BY CHRIS SHERWELL AND SAMUEL SENOREN IN MANILA AND STEWART FLEMING IN WASHINGTON

Presidential.

MRS CORAZON Aquino is expected to be "proclaimed" President of the Philippines by her supporters today in a final challenge to the be-leaguered Ferdinand Marcos, who is under irresistible domestic and international pressure to step

The most important external pressure came from the US Government which yesterday issued an un-ambiguous demand that Mr Marcos relinquish power peacefully and use his influence to facilitate an orderly

The US move came at 5 am Washington time amid mounting concern in the White House at the risk of a civil war which threatened to destroy American hopes of political stability and economic and military reform in the Philippines.

The White House appealed to President Marcos and those loyal to him to refrain from initiating vioence, before adding pointedly: "Attempts to prolong the life of the present regime by violence are fu-tile." It added that a solution to the crisis "can only be achieved through a peaceful transition to a new

the Reagan Administration was looking into the possibility of freezng Philippines assets in the US. Today's attempt to install Mrs to defend his position. Both calls ahead with the oath-taking cere- and wi mony ahead of what would be a office new six-year term of office. Still claiming he had won the con-

ing an undeniable ability to provoke A State Department official said The 68-year-old leader declared a

Aguino in the presidency may well were ignored.

coincide with the swearing in of Mr

Marcos as President Yesterday he power was obviously weakening was saying that he would still go yesterday, it was still not clear how and when he might be prised out of without large-scale

bloodshed The opposition yesterday paved



troversial February 7 election, Mr the way for a transition to Mrs Aq-Marcos was beginning to sound less uino when Mr Juan Once Enrile, in control of himself, while retainpreviously Minister of National Defence under Mr Marcos, announced the formation of a provisional

curiew from his isolated presi-In Manila, the US was said to dential palace and urged his sup-porters to arm themselves and help have offered Mr Marcos safe haven provided he avoided violence and stepped down. An aircraft was reported to be waiting at Clark Air Base outside Manila. In Washington, President Ronald Reagan prepared to send special envoy Mr Philip Habib back to Manila.

Earlier in the day, Mr Marcos declared a state of emergency, giving

broadcast stations. As he spoke Channel Four, the main govern-ment television channel, was taken over by military forces loyal to Mrs

Last night more than a million people were estimated to be thronging the highway running past Camp Crame, the national police headquarters where Mr Enrile and Lt Gen Fidel Ramos, deputy armed forces chief under Mr Marcos, made their stand against the President on

Both men made strong televised pleas to military commanders to reverse President Marcos' orders to a scout ranger unit to mount an attack on Camp Crame. A ground of armoured vehicles meanwhile failed to breach a human cordon around Channel Four, less than two miles away.

Mr Marcos's decision during Saturday night to order his forces to advance nearer to Camp Crame was plainly seen as a provocative act. Anti-Marcos forces fired rockets into the grounds of the presidential palace later yesterday morning, and firing was reported across town at Villamor Air Base. in the afternoon. During shooting outside the presidential palace last night several people were said to have been hit after loyalist troops fired into a crowd of demonstrators. International flights of Philippine Airlines were cancelled yesterday and some scheduled arrivals were

turned back. Banks were closed as were many shops. Mr Enrile and Gen Ramos controlled an increasing number of Continued on Page 26

Philippines in crisis, Page 2 European shares at new peaks

plan welcomed by Nato allies

BY STEWART FLEMING IN WASHINGTON AND ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

nounced that US negotiators yesterday submitted at the Geneva arms control talks "a concrete plan" calling for the elimination of US and Soviet intermediate range missiles, including ground-launched cruise missiles in Europe and Asia over a

But in his response to last month's arms control proposal by Soviet leader Mikhail Gorbache which would lead to the eventual elimination of nuclear arms, Mr Reagan said that certain elements of the Soviet plan were "clearly not appropriate for consideration at this time."

He said: "In our view the total elimination of nuclear weapons will require at the same time the correcforce imbalances, full compliance gations, peaceful resolution of regional conflicts ... and a demonstrated commitment by the Soviet

Leson to peaceful contestition.

While no formal link has been established between agreements on Union to peaceful competition."

America's Nato allies yesterday welcomed the latest U.S. nuclear more than a propaganda move.

sively in the US press, were confirmed in letters sent by President Ronald Reagan to his principal al-

Though several European Nato members and Japan had expressed reservations about the US's original proposal to abolish medium-range missiles in Europe, while cutting the equivalent Soviet Asian-based three stage plan is much more to their liking.

The British Foreign Office, which said it formed "a good basis for negotiation," stressed that it was the within the alliance.

Britain and France are particularly relieved that President Rea- total of 572. gan has turned down flatly the proposal made by Mr Mikhail Gorbachev, the Soviet leader, in January that the British and French nuclear forces should be frozen as part of his plan to abolish medium-range nuclear weapons.

The latest Reagan plan was also welcomed by the West German Government as "a realistic formula." but there is continuing argument within the ruling centre-right

PRESIDENT Ronald Reagan an coalition about the desirability of eliminating all US medium-range weapons in Europe.

> What is worrying the European countries most of all is that the elimination of medium-range missiles from Europe will leave them exposed both to the Soviet Union's in Eastern Europe and the Warsaw Pact's vastly superior conventional

However, British officials have pointed out that President Reagan's proposals deal with these concerns, which were voiced during the meeting of Nato's special consultative group earlier this month.

President Reagan has proposed a require at the same time the correction of the conventional and other ons at an equal ceiling for both the US and the Soviet Union, with the with existing and future treaty oblicexact level to be subject to

strategic, medium-range, shortrange and conventional forces, it is clear that they cannot be treated in arms proposals but the Soviet news-isolation without upsetting the agency Tass said they were no whole East/West arms balance. The issue of so-called "collateral constraints" will therefore become in-The proposals, first leaked exten-creasingly important as the Geneva arms control negotiations progress.

Under one option of the plan the lies, including Mrs Margaret US is proposing that, in the first Thatcher, the UK Prime Minister. year, which it is hoped will be 1987, the medium-range weapons of both sides in Europe should be reduced to 140 launchers each, with proportionate cuts in Soviet Asian-based

At the moment the Soviet Union SS 20s by only 50 per cent, the new has a total of 440 SS-20 mediumrange missiles, including about 250 in Europe and some 150 in Asia, with the remaining 40 or so held in

> The US has 108 Pershing-2 missiles in Europe and is currently working towards a target of 464 ground-based cruise missiles, making an intermediate range weapons

In the second year of the plan. the number of weapons would be halved again, dropping to zero in

the third year. Under a second option put forward by Mr Reagan, medium-range nuclear weapons in Europe and

Asia would be reduced by equal amounts in three years "on a global

Editorial comment, Page 24

EUROPEAN stock markets moved strongly ahead yesterday, with from lower oil prices. Government bonds gained up to new records on five European bourses. Bond markets also gained ground around the world. profits that is expected to result from lower oil prices. Government bonds gained up to lost less ground, ending the day at in the Japanese discount rate, to follow last month's ½ percentage. Sterling regained over 1½ cents against the dollar to end at \$1.4635. few weeks by many dealers, with

BY GEORGE GRAHAM IN LONDON

Stock exchange trading volume was so heavy in Paris that the pu-blication of closing prices was delayed by over an hour, to allow operators to handle the wave of buying orders. The CAC index of 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time on a cil wrose into higher than 1,500 for the first time of the cil wrose into high the cil wrose into higher than 1,500 for the cil wrose into high tha French shares, gained 3.4 per cent, after adding 4.8 per cent last week.

The dollar New stock market records were also reached in Brussels, Milan and remained small by compari-

In London the FT ordinary share exchange dealers said they had index advanced 19.2 points to seen no intervention by central 1275.2, amid growing optimism banks to slow its decline. about the improvement in company It lost over 2½ plennigs against

not sustained a level below 10 per cent since the first oil price shock in In early trading in Wall Street the

1,600 for the first time on er oil prices into higher share valrencies remained small by comparison with recent weak, and foreign

The Bank of England's tradeweighted index for sterling advanced by 0.4 to close at 74.9. Fund managers have been slower

nes, although takeover activity has The dollar remained weak, but helped the market to move higher. Now, however, many brokers are revising their forecasts of company profits upwards, and have become more optimistic about the levels that the stock market might advance to.

World bond markets remained

fer on Friday, was bidding around \$10 per share for Eastern's 60.5m

The deal appears to cast a cloud

of uncertainty over the future of Mr Frank Borman, the former astro-

nant who has headed Eastern for

the past decade. Mr Borman was

the architect of an earlier rescue of Eastern under which the workforce

received 25 per cent of the equity in

the airline in return for wage and

work rule concessions.

interest rates in West Germany and the US following soon afterwards.

"The fall in oil prices is widely seen as a reverse replay of the rise in oil prices which occurred in the 1970s, said Mr Stephen Lewis of London stockbrokers Phillips & Drew. "Just as the increase in oil prices was regarded at the time as building inflation into the econom. system, so the present reduction in oil prices will, it is hoped in some quarters, lead to permanently lower inflation rates. Currencies, Page 43; Stock markets, Page 50



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Texas Air to rescue Eastern

BY PAUL TAYLOR AND WILLIAM HALL IN NEW YORK

EASTERN Air Lines, the third biggest US airline, yesterday agreed to be rescued by Texas Air, the Houston-based airline group headed by Mr Frank Lorenzo, one of the pioneers of cut-price US air travel

The surprise announcement eary yesterday came after Eastern failed to win new wage concessions from one of its three unions during eleventh-hour hargaining session aimed at avoiding a default on its \$2.5bn long-term debt.

The combination of the Miami-

based Eastern Air Lines and Texas

Air, which controls Continental Air Lines and New York Air, will create the largest airline in the US, in terms of revenue passenger miles.
It also marks a further major consolidation in the US airline industry, which has been in turmoil since the deregulation of the industry a few years ago led to the emergence of a new breed of cut-price carrier. Eastern said it had reached tentative agreements with its pilots' and flight attendants' unions, giving the airline further concessions, but that about 12,000 of the 38,000-strong

workforce, had refused to agree to



Eastern and Texas Air remained unclear yesterday as Eastern Air Lines called, and then cancelled, a Press conference. On Wall Street Eastern's shares

which apparently made a formal of-



rose by \$1% to \$8 a share in heavy trading with over 5m shares changing hands by hunchtime. At that price the stock market is valuing Eastern at \$484m but analysts speculated that Texas Air,

That deal was held up as a model for wage concession packages throughout the US. However, an escalation in the air fare war between its workforce.

the big US carriers in recent months has led to heavy losses at Eastern and forced the company to demand further concessions from After yesterday's announcement Eastern's unions were bitter about the prospect of being run by Mr Lorenzo, who earned a reputation as "union-basher" after he took Continental Air Lines into bank-

ruptcy court proceedings, tore up its union agreements and cut wages.

Background, Page 27; Wall Street

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Helicopter pilots' dawn defection gives rebels boost

BY CHRIS SHERWELL AND SAMUEL SENOREN IN MANILA

forces supporting his challenger, Mrs Corazon Aquino, came
ger, Mrs Corazon Aquino, came
just after daybreak on Monday
ger, in the Marcos Governger, Mrs Corazon Aquino, came
ger, Mrs

at Camp Crame, the opposition's learn they are to be arrested base of operations. The and decide to act. manoeuvre offered the real Saturday 6 pm: The two men prospect of control of the air. barricade themselves inside Another crucial moment came Camp Aguinaldo, defence headbase of operations. The manoeuvre offered the real prospect of control of the air.

Another crucial moment came less than fours later, at around 9.45 am. Mr Marcos appeared on television to refute reports that he had fied the country and declared an emergency. The opposition sucessfully called for more supporters on the streets, and Mr Marcos's speech

and decide to act.

Saturday 6 pm: The two men is surrounced.

Surrounced.

Surrounced.

Surrounced.

Sunday afternoon: Mr Enrile controlled staken over by opposition. Sucessfully called for men supporters on the streets, and Mr Marcos's speech

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Sunday afternoon: Mr Enrile controlled staken over by opposition forces. Gen Ramos and it camp to concentrate forces. An armoured column of Marines that he use of weapons against civilians will result in an immediate cut-off of aid.

Surrounced.

Sunday afternoon: Mr Enrile concentrate forces. An armoured column of Marines advances but is checked by a growing mass of people a mile on Mr Marcos to step down.

Saturday 10 pm: Charme to concentrate forces. An armoured column of Marines that he use of weapons against civilians will result in an immediate cut-off of aid.

Surrounced.

Sunday afternoon: Mr Enrile of Camp to seven by opposition forces. Gen Ramos of civilians will result in an immediate cut-off of aid.

Surrounced.

Sunday afternoon: Mr Enrile of weapons against that he use of weapons against that he use of weapons against that he use of weapon

THE TURNING point in the was blacked out a short while weekend battle between President Ferdinand Marcos and the forces supporting his challenforces su morning ngures in the Marcos Government—Mr Juan Ponce Enrile, sixteen pilots landed seven helicopters—five of them and Lt-Gen Fidel Ramos, Deputy at Camp Crame, the opposition's base of operations. The

marcos, wife of the President, has already fied the country.

Ramos. He calls for negotiations but insists he won't stand down. The two camps, he claims, are surrounded.

Gen Ramos hints that Imelda Marcos, wife of the President,

tear gas and batons to disperse unarmed civilians. US Presi-

Monday 9.30 am: President Marcos unexpectedly goes on live television from the Presidential palace to declare a state of emergency. He says he has not fied and will not stand down. Chamel 4 television, the Government a controlled

US fears for the future as Marcos is abandoned

raid Villaimor military airbase where fighting is later reported. At the nearby international airport flights are cancelled and arriving aircraft turned back.

Monday 7 pm: Mr Marcos with Imelda at his side, stands his ground, declares a curfew and calls on supporters to defend the palace. Mr Enrile and Gen Ramos point to broad-ening military support and again urge Mr Marcos to stand down. Crowds prepare for a third night protecting Camp

Mr Juan Ponce Enrile, former defence former defence minister (left) and Maj Gen Fidel Ramos greet thousands of Filipinos at Camp Crame yesterday



WORLD REACTION

Moscow lays blame on Washington

AP writes: The Soviet Union and some of its allies blame the US for the deepening crisis in the Philippines.

A report published in Moscow in the Community Party daily Pravda said "observers" in the Philippines claim a coup was planned against Mr Marcos and that the US Central Intelligence Agency may have participated in those plans. Poland's official Communist Party newspaper, Trybuna Ludu, expressed a similar

It is hard to resist the

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impression that the White House at the cost of maintain-ing its influence in the Philippines and its military bases, decided to get rid of the now-uncomfortable and more-over insubordinate dictator," it

The British Foreign Office said democracy must be restored to the Philippines.
"These latest developments reflect the strength of feeling in the Philippines over the fraudulent conduct of the elecrestore democracy in the interests of its people and its future stability and economic development," it said.

British Airways suspended its twice-weekly service to Manila, Spain called its ambassador home to Madrid for consulta-tions because of what Mr Fernandez Ordonez, the Foreign Minister, described as "the serious situation."

In Tokyo, Prime Minister Yasuhiro Nakasone said he and a senior aide to President Ronald Reagan agreed yesterday that Japan and the US should make efforts for a settle-

"We agreed not to encroach on any self-determination of the Philippine people, but we should make utmost efforts and co-operate toward avoiding any bloodshed there," Mr Nakasone BY STEWART FLEMING IN WASHINGTON

RELUCTANTLY and with painful anxieties for the future of the Philippines, the Reagan Administration has been forced to abandon President Marcos for fear that violence and even civil war could play right into the hands of the country's Communist insurgents.

For if President Ronald Reagan could see clearly how to achieve a stable, demo-cratic Government in the Philippines capable of deal-ing with the insurgents, and able to introduce economic reform, then it is unlikely

that he would have waited until the country was on the verge of civil war to call on verge of civil war to call on Mr Marcos to step down.
Even the statement the White House issued early on Friday morning calling for "a peaceful transition to a new government" did not spell out how the US would like the transition to be accomplished or to whom it. accomplished or to whom it would like to see power

In ducking these issues Mr Reagan is recognising the limits of US power and trying to avoid being saddled with

the responsibility for what comes next. At the same time he is finally admitting in public that President Marcos is no longer a credible head

Memories of US involve-ment in the overthrow of Ngo Dinh Diem in Vietnam, the Shah of Iran and General Anastasio Somoza in Nica-ragua, and of the blame which followed help to explain why the White House is being so eireumspeet.

US policy in the Philippines has evolved rapidly however, for even as late as February

11, President Reagan was still demonstrating his reluctance to ahandon a longstanding American ally.

By that stage, with the Philippine election results so obviously fraudulent, most of his foreign policy advisers and a majority of the mem-bers of Congress had decided that President Marcos must go. Mr Reagan was still talk-ing about election fraud on

But apart from the avoid-ance of violence and a transition to a new government it is still unclear what the US wants. On Saturday the White House finally conceded that the election was fraudulent and the fraud was perpetrated by the Government. It did not, however, say that Mrs Aquino had a mandate to govern.

Some in Washington argue that the election amounted to a repudiation of Mr Marcos rather than a vote for Mrs Aquino, and within the Administration there are serious doubts as to whether she would be an effective leader.
At this stage, if the US can succeed in helping to avoid violence, and in pressuring President Marcos to transfer power in an orderly way to a successor, that would be a significant achievement. After that, according to Mr Larry Speakes, the White

House wants to see a Govern-ment "that is supported by the majority of the Philippine people and the body politic of the Philippines . . . to tell them US ideas for achieving this ambitious goal however are unclear,

Church wins airwaves war as Filipinos tune into the voice of truth

BY SAMUEL SENOREN IN MANILA

was only partly a battle waged by unarmed crowds in the streets who wanted President Ferdinand Marcos removed. It was also a fight for the capital's airwaves, which offered the most potent ammunition in the war of wills.

Last night the tussle was continuing, with supporters of Mrs Corazon Aquino controlling ment of the current crisis in the Philippines without bloodshed. Channel Four television, the previously reviled Government station, and Mr Marcos still broadcasting over another three

stations.
But radio has proved even more important. Throughout the weekend, hundreds of thousands ment, and Lt Gen Fidel Ramos,

Leading the way was Radio Veritas, owned and controlled by the Catholic church. For many, its callsign "DWRV 846: The voice of truth" has long been the only source of reliable information. Its walks was information. Its value was recognised in the campaign leading up to the disputed February 7 Presidential election, but it really came into its own over the weekend.

Cardinal Jaime Sin, Archbishop of Manila, used it on Saturday night to call on people to support Mr Juan Ponce Enrile, Minister of National Posessin in the Manue Committee of Cartinal Posessin the Manue Committee of Cartinal Posessin the Manue Committee of Cartinal Posessin the Manue Cartinal Posessin the Pos of protestors remained glued Deputy Chief of the Armed

> AIR CANADA HAVE JUST WONTHE PRESTIGIOUS

which was to present to all directors finally succumbed and Asians what the Catholic stopped Mrs Aquino using Church stands for. Set up in nightly broadcasts to promote 1969 as a private, non-commertant broadcasts, its Though the censorship lasted the constraint broadcasts are only 24 hours—Mrs Aquino using Church stands for. Set up in nightly broadcasts to promote the campaign of civil discipled from West Germany, its Though the censorship lasted the constraint broadcasts are only 24 hours—Mrs Aquino and the constraint broadcasts are only 24 hours—Mrs Aquino and the constraint broadcasts are only 24 hours—Mrs Aquino and the constraint broadcasts are only 24 hours—Mrs Aquino using the constraint broadcasts are only 24 hours—Mrs Aquino using the constraint broadcasts are only 24 hours—Mrs Aquino using the constraint of the constr most important broadcasts are only 24 hours—Mrs Aquino to countries where the church taped an interview for broadis "in silence," like China, Vietnam and North Korea.

Vietnam and North Korea.

Chemically moved on. Radio Verification of the company of the countries where the church taped an interview for broad-cast on Friday night—events to carry on with a weak and quickly moved on. Radio Verification of the company of the

THE DRAMATIC struggle for to their portable sets for power which unfolded in the instructions, guidance, support power which unfolded in the instructions, guidance, support Philippines over the weekend and encouragement, well beyond its original role, Last Thursday its board of station, north of Manila, silenctions and property power and property and the state of the

ing both its short wave output, which prevented its voice being heard abroad, and hitting its regular 50kW transmitter for local broadcasts. heard abroad, and hitting its ters, a switch of allegiance by regular 50kW transmitter for pilots of a flight of Blackhawk local broadcasts.

The radio also said a new but Marcos and his wife had left the

past few months as the domestic tions, requests and appeals. Within hours, however, Veritas the Philippines.

The station has not been morning Veritas experienced a secret location.

Yesterday morning it became increasingly euphoric as Gen Ramos reported remarkable successes—the defection of more officers and even of Minis-

Then Mr Marcos appeared on television to say he was still in Manila, still in charge and Though the programmes are tas stayed open 24 hours on mostly evangelistic, educational or cultural, Radio Veritas also produces newscasts and current began tuning into the station affairs coverage, and this is where it has scored over the past few months as the domestic political crisis has sharpened in outcome. The collection of the arms o heeded, and the battle con-

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CANCINE AIRT AND STO DOLDSER IS, 286

AIR CANADA

AIR TRANSPORT **WORLD PASSENGER SERVICE AWARD FOR 1985.** IN THE PROCESS THEY HAVE BEATEN THE FOLLOWING AIRLINES. AERONAVES DEL CENTRO · AERONICA · AEROPELICAN AIR SERVICES · AEROPERLAS · AEROPERU · AERO YIRGIN islands - aigle azur - air afrique - air albatross - air ALGERIE - AIR ALMA - AIR ANDORRA - AIR ATLANTA - AIR ATONABEE AIR B.C. - AIRBORNE EXPRESS - AIRBORNE OF SWEDEN - AIR BOT-SWANA - AIR BRIDGE CARRIERS - AIR BURKINA - AIR BURUNDI - AIR-BUSINESS APS/ALMAIR · AIR BYI · AIR CAL · AIR CALEDONIE · AIR CALE-DONIE INTERNATIONAL · AIR CAPE · AIR CARIBE INTERNATIONAL · AIR COMORES · AIR CORTEZ INTERNATIONAL · AIR CREEBEC · AIR DJIBOUTI · AIR ECOSSE AIR EUROPE · AIR EXPRESS INTERNATIONAL AIRLINES · AIR FRANCE · AIR GABON · AIR GUADELOUPE · AIR GUINEE · AIR HAWAII · AIR HUDIK · AIR INDIA · AIR INTER · AIR IVOIRE Air Jamaica - Air jet - Air Kentucky Airlines - Air L.A. - Air Lanka - Air Liberia - Air Limousin - Airlines of Horthern Australia - Airlines of South Australia - Airlines OF TASMANIA - AIR LINK - AIR LITTORAL - AIR MADAGASCAR - AIR MALAVI - AIR MALI - AIR MALTA AIR MARTINIQUE - AIR MAURITANIE - AIR MAURITIUS - AIR MELANESIE - AIR MICRONESIA - AIR MID-WEST - AIR MOLOKAI -- TROPIC AIRLINES - AIR MONGOL -- MIAT - AIR NAURU - AIR NEVADA - AIR 'NEW ORLEANS - AIR NEW SOUTH WALES - AIR NEW ZEALAND - AIR NIAGARA - AIR NIGER - AIR NIUGINI - AIR NORTH AIR ONTARIO - AIRPAC AIRLINES - AIR PACÍFIC - AIR PANAMA INTERNACIONAL - AIR POLYNESIE - AIR QUEENSLAND AIR RAROTONGA - AIR ST. PIERRE - AIR SEDONA - AIR SENEGAL - AIR SEYCHELLES - AIR SINAI - AIR SOUTH - AIR SUNSHINE - AIR TAHITI - AIR TANZANIA CORPORATION - AIR TCHAD - AIR TODAY - AIR TOGG - AIR TUNGARU - AIR UK - AIR VANAUTU - AIR VIRGINIA - AIRWAY EXPRESS - AIR WEST AIRLINES - AIRWEST INTERNATIONAL - AIR WHITSUNDAY - AIR WISCONSIN - AIR ZAIRE - AIR ZIMBABWE - ALASKA AIRLINES - ALASKA ISLAND AIR - ALIA - ALIGIULIA - ALISARDA ALITALIA - ALLEGHENY AIRLINES - ALM - ALOHA AIRLINES - ALPHA AIR - ALPINE AVIATION - ALTUS AIRLINES - ALYEMDA DEMO-CRATIC YEMEN AIRLINES - AMA AIR EXPRESS - AMERICAN AIRLINES - AMERICAN CENTRAL AIRLINES - AMERICA WEST AIRLINES ANDES AIRLINES - ANSETT AIRLINES OF AUSTRALIA - ANSETT W.A. - APOLLO AIRWAYS - AQUATIC AIRWAYS - AQUILA AIR - ARCTIC CIRCLE AIR - ARIANA AFGHAN AIRLINES - ARKIA ISRAELI AIRLINES - ARMSTRONG AIR SERVICE - ARROW AIR - A/S NORVING - ASPEN AIRWAYS - ATI-AERO TRASPORTI ITALIANI - ATLANTIC GULF AIRLINES - ATLANTIC SOUTHEAST AIRLINES - ATLANTIS AIRLINES - AUGUSTA
AIRWAYS - AURIGNY AIR SERVICES - AUSTIN AIRWAYS - AUSTRAL (LINEAS AEREAS) - AUSTRIAN AIRLINES - AUSTRIAN AIR SERVICES - AVENSA
AVIACO - AVIANCA - AVIATECA - AVIATION SERVICES - AVIOR - BAHAMASAIR - BAKHTAR AFGHAN AIRLINES - BALKAN BULGARIAN AIRLINES - EANKAIR BAR HARBOR AIRLINES - B.A.S. AIRLINES - BEARKIN LAKE AIR SERVICE - BELL-AIR - BEMIDJI AIRLINES - BEST AIRLINES - BIRGIN AIRLINES - BIRMAN
BANGLADESH AIRLINES - BIRMINGHAM EXECUTIVE AIRWAYS - BOUGAIR - BRANTHENS S.A.F.E. AIRTHANSPORT - BRANIFF - BRENNAN AND HARGREAVES
BRIT AIR - BRITANNIA AIRWAYS - BRITISH AIR FERRIES - BRITISH AIRWAYS - BRITISH CALEDONIAN AIRWAYS - BRITISH CARIBBEAN AIRWAYS - BRITISH MIDLAND
AIRWAYS - BRITT AIRWAYS - BROCKWAY AIR - BROWN AIR SERVICES - BRYMON AIRWAYS - BURMA AIRWAYS CORPORATION - BURRARD AIR - BUSINESS EXPRESS
BWIA INTERNATIONAL TRINIDAD AND TOBAGO AIRWAYS CORP - CAAC - CALIFORNIA SEABOARD AIRLINES - CALM AIR INTERNATIONAL - CAMEROON AIRLINES - CAPE

BWIA INTERNATIONAL TRINIDAD AND TOBAGO AINWATS CORP. CARLIFORNIA SEABGARIO AIRLINES. CALM AIR INTERNATIONAL. CAMERGOIN AIRLINES. CAPE
SMYTHE AIR SERVICE. CAPITOL AIR SERVICE. CARIBBEAN AIBWAYS. CASCADE AIRWAYS. CATHAY PACIFIC AIRWAYS. CATHAYS. CALMAYS. CATHAYS. CALMAYS. CATHAYS. CALMAYS. CALMAYS. CATHAYS. CALMAYS. CHANNEL EXPRESS. CHEARWATER AIRLINES. CHANTAL AIRLINES. CHINA AIRLINES. CHISUM FLYING SERVICE. COASTAL AIR
TRANSPORT. COLGAN AIRWAYS. COMMAN. COMMAND AIRWAYS. COMMERCIAL AIRWAYS. COMMODORE AVIATION. COMMUTER EXPRESS. COMPAGNIE AERIENNE DU LANGUEDOC . COMPANIA DE AVIACION FAUCETT . CONNECTAIR . CONTINENTAL AIRLINES . COOK ISLANDAIR . COPA . CORAL AIR . CP AIR . CRESCENT HELICOPTERS . CROSSAIR CROWN AIR/DORADO WINGS . CROWN AIRWAYS . CRUZEIRO DO SUL . CSA . CUBANA . CUMBERLAND AIRLINES . CYPRUS AIRWAYS . CYPRUS TURKISH AIRLINES . DANAIR . DAN-AIR SERVICES - DELTA AIR - DELTA AIR LINES - DESERT SUN AIRLINES - DIRECT AIR - DIRECTAIR - DLT - DEUTSCHE L.V. - DOMINAIR - DOMINICANA DE AVIACION - DOMINICANA INTERNACIONAL AIRLINES - DOUGLAS AIRWAYS - EAGLE AIR - EAGLE AIRLINES - EAGLE AIRWAYS - EAGLE AIR AIRLINES - DOUGLAS AIRWAYS - EAGLE AIR - EAGLE AIRLINES - EAGLE AIRWAYS - EAST COAST AIRLINES - EASTERN AIR LINES - EASIERN PROVINCIAL AIRWAYS - EAST HAMFIUN AIR EAST-WEST AIRLINES - EUROPIAN AIRLINES - EXEC EXPRESS - FAR EASTERN AIR TRANSPORT CORPORATION - FAST AIR CARRIER - FIJI AIR SERVICES - FINNAIR FINNAYIATION - FIRST AIR - FISCHER BROS, AVIATION - FILIGHT LINE - FLORIDA EXPRESS - FLUGDIENST PEGASUS - FLUGFELAG AUSTURLANDS - FLUGFELAG NORDURLANDS - FLYING TIGER LINE - FORT WORTH AIRLINES - 40-MILE AIR - FREEDOM AIR - FRONTIER AIRLINES - GALAZY AIRLINES - GARUDA INDONESIAN AIRWAYS - GB AIR - GEMINI AIRLINES - GEORGIAN BAY AIRWAYS - GHANA AIRWAYS CORP-ORATION - GOLDEN AIR - GOLDEN PACIFIC AIRLINES - GRAND CANYON AIRLINES - GREAT LAKES AVIATION - GRONLANDSFLY - GUERNSEY AIRLINES - GULF AIR - GULL AIR - GUYANA DEPORATION - HAITI AIR - HANG KHONG VIETNAM - HARBOR AIRLINES - HAROLD'S AIR SERVICE - HARVEST AVIATION - HAVASU AIRLINES - HAWAIIAN AIRLINES - HAZELTON AIR SERVICES - HELI AIR AIRWAYS CORPORATION - HAITI AIR - HANG KHONG VIETNAM - HARBOR AIRLINES - HAROLD'S AIR SERVICE - HARVEST AVIATION - HAVASU AIRLINES - HAVAIN AIRLINES - HAZELIUM AIR SERVICES - HELL AIR MONACO - HELI-FRANCE - HERBERY AVIATION - HENSON AYLATION - HERMANS AIR - HOLIDAY AIRLINES - HOLIDAY EXPRESS - HOLIAND AER LINES - HORIZON AIRLINES - IBERIA - ICELANDAIR - INDER INDIAN AIRLINES - INDIAN MELLS AIRLINES - INEX ADRIA AIRWAYS - INTERFLUG - IPEC AVIATION - IRANAIR - IRAQI AIRWAYS - JAL - JAMAHIRYA LIBYAN ARAB AIRLINES - JAPAN ASIA AIRWAYS - IAT - JERSEY EUROPEAN AIRWAYS - JETAIRE AIRLINES - JETAIRLINES - JETAIRE AIRLINES - JETAIRE AIRLINES - JETAIRE AIRLINES MOCAMBIQUE · LANCE AVIATION · LAN-CHILE · LAO AVIATION · LAP · LAS YEGAS AIRLINES · LAV · LESOTHO AIRWAYS · LETABA AIRWAYS · LIAT · LIBYAN ARA AIRLINES · LINA CORGO · LINHAS AEREAS DA GUINÉ-BISSAU · LINIEFLYG LOGANAIR · LONDON EUROPEAN AIRWAYS · LONG ISLAND AIRLINES · LOT — POLISH AIRLINES · LUFTHANSA GERMAN AIRLINES · MACKNIGHT AIRLINES · MAC LOGANAIR - LONDON EUROPEAN AIRWAYS - LONG ISLAND AIRLINES - LOT -- POLISH AIRLINES - LUPINAINA GERMAN AIRLINES - MACHANIGHI AIRWAYS - MACHANIGHI AIRLINES - MACHANIGHI AIRLINES - MACHANIGHI AIRLINES - MACHANIGHI AIRLINES - MACHANIGHI AIRWAYS - MACHANIGHI AIRLINES - MACHANIGH AIRLINES - MACHANIG AIRLINES - MIDSTATE AIRLINES - MIDWAY METROLINK - MIDWEST AVIATION - MIDWEST - MIDWEST - MEWAYS - NEW YORK AIR - NEW YOR AIRLINES · NORTHWEST ORIENT AIRLINES · NORTHWEST TERRITORIAL AIRWAYS · NUERINDENGEN PLUGUIENS I MINU · NINE ARRU · ULI — USITINESIOCHE ENTINUES · DALISIONAL AIRLINES · PACIFIC COMPANY · OPAL AIR OREBRO AIR · OXLEY AIRLINES · PACIFIC AIR LINES · PACIFIC COAST AIRLINES · PACIFIC SOUTHWEST AIRLINES · PACIFIC WESTERN AIRLINES · PAKISTAN AIRLINES · PACIFIC AIRLINES · PACIFIC COAST AIRLINES · PANORAMA AIR · PBA-PROVINCETOWN BOSTON AIRLINE · PEM-AIR · PEMINSULA AIRWAYS · PENNSYLVANIA AIRLINES · PEOPLE EXPRESS AIRLINES · PERIMETER AIRLINES · PIEDMONT AIRLINES · PIEDMONT REGIONAL AIRLINES · PIEDMON AIR · PBA-PROVINCETOWN BOSTON AIRLINE · PEM-AIR · PENINSULA AIRWAYS · PENNSYLVANIA AIRLINES · PEOPLE EXPRESS AIRLINES · PERIMETER AIRLINES · PHILIPPINE AIRLINES · PIEDMUNT AVIATION · PIEDMUNT REGIONAL AIRLINES · PILGRIM AIRLINES · PIONEER AIRLINES · PLUNA · POCOND AIRLINES · POLYNESIAN AIRLINES · PRECISION AIRLINES · PRIDE AIR · PRIME AIR · PRINAIR · PRINAIR · PRINAIR · PRINAIR · PRO AIR SERVICES · P.T. MANDALA AIRLINES · QANTAS AIRWAYS · QUEBECAIR · RANSOME AIRLINES · REEVE ALEUTIAN AIRWAYS · REEVES AIR · REGENT AIR · REPUBLIC AIRLINES · RESORT AIR · REGIONAL AIR INTER · ROYAL AIR INTER · ROYAL AIR INTER · ROYAL BRUNEI AIRLINES · ROYAL EARLINES · ROYAL HAWAIIAN AIR SERVICE · ROYAL HAWAIIAN AIR SERVICE · ROYAL BRUNEI AIRLINES · ROYAL EARLINES · ROYAL HAWAIIAN AIR SERVICE · ROYAL MARAIIAN AIR SERVICE · ROYAL BRUNEI AIRLINES · ROYAL EARLINES · ROYAL HAWAIIAN AIR SERVICE · ROYAL BRUNEI AIRLINES · ROYAL BRUNE MARCC - ROYAL BRUNE! AIRLINES - ROYAL AIRLINES - ROYAL HAWAIIAN AIR SERVICE - ROYAL NETHINES CORPORATION - ROYAL BANDAL AIRLINES - SEPTIAN SERVICE - ROYAL BANDAL AIRLINES - SANSA - SANDIA - SCENIC AIRLINES - SEAR ALASKA AIRLINES - SEAPLANE SHUTTLE TRANSPORT - SHANNON EXECUTIVE AVIATION - SIERRA LEONE AIRLINES - SINGAPORE AIRLINES - SINGAPORE AIRLINES - SINGAPORE AIRLINES - SHOWAY - SHOWAY - SANDINAVER - S AIRLINES - SIERRA VISTA AVIATION - SIMMONS AIRLINES - SINGAPURE AIRLINES - SINGAPURE AIRLINES - SINGAPURE AIRLINES - SINGAPURE AIRLINES - SOUTH AIR SOUTH CENTRAL AIR - SOUTHERN AIR - SOUTHERN JERSEY AIRWAYS - SOUTH PACIFIC ISLAND AIRWAYS - SOUTH WEST AIRLINES - SPACEGRAND - SUBURBAN (SLANDS AIRWAYS - SOMALI AIRLINES - SOUTH AFRICAN AIRWAYS - SOUTH BURNETT AVIATION - SOUTH CENTRAL AIR - SOUTHERN AIR - SOUTHERN AIR - SOUTHERN AIR - SOUTHERN AIR - SUNSTAN AIRWAYS - SUNSTAN AIRLINES - TAGE - AIRL

BP and Shell agree to buy more oil from Saudi Arabia

BRITISH PETROLEUM and "net-back" basis—the spot Shell are understood to have market rate for products less agreed to buy an extra 50,000 transport and refining costs, as barrels a day of oil from Saudi well as an agreed profit margin. BRITISH - PETROLEUM and Shell are understood to have agreed to buy an extra 50,000 barrels a day of oil from Saudi Arabia bringing their total commitments to 300,000 b/d. The increased volume should be sufficient to cover the cost of the Kingdom's purchase of aircraft, including 72 Tornado strike and interceptor aircraft strike and interceptor aircraft from British Aerospace, on the government - to - government agreements finally signed eight

days ago.
Sandi Arabia has also agreed to the establishment of an escrow account in London involving at least one leading British bank into which BP and Shell's payments will be made to cover the aircraft deal, but the financial structure has yet An initial advance payment has been made under a tem-

porary arangement.
Riyadh meanwhile, is still anxious to stress that the package deal for aircraft is not a barter agreement. But it is clear that proceeds for the crude purchases by BP and

For the additional volume, though, Saudi Arabia has agreed though, Saudi Arabia has agreed to shipment to markets east of Suez. The original Saudi "net-back" deals restricted the flow of crude involved to destinations west of Suez. Saudi Arabia reached agree-

100,000 b/d each.

ments on "net-back" sales for destinations east of Suez involving 780,000 b/d. Apart from BP and Shell, companies involved are Caltex 250,000 b'd, Mobil 60,000 b'd, Exxon 100,000 b'd, Mitsubishi 100,000 b'd, Kyodo 70,000 b'd, Mitsui 50,000 b'd and Marubeni 50,000 b'd.

Well informed traders said,

however, that they wanted the extra Saudi crude for commercial reasons and would be buying it under "ever-green" contracts which could be ter-

minated by either party with three months' notice—similar to those under the deals con-cluded late last summer for

Shell will be directly related to it.

Neither BP nor Shell were prepared to comment yesterday about the additional volumes which they are purchasing on a street of the s

Meeting sought between Opec and other producers BY OUR MEDDLE EAST STAFF

IRAN, Algeria and Libya are pressing for a meeting involv-ing members of the Organisa-

ftm

VAD

ane majority of members tive action to restore the mar-would prefer to meet other pro- ket.

ducers after the Geneva con-ference rather than invite "friendly Third World pro-ducers," according to the Middle

ing members of the Organisation of Petroleum Exporting Countries and other producers to discuss ways of stopping the slide in oil prices.

In an interview published yesterday by Al Ithhad, the official newspaper of the United Arab Emirates, Mr Gholamreza Aqazadeh, Iran's Minister of Oil, said that the three Opec members were ready to join such a conference.

They agreed to organise a meeting of Opec and nonmember producers before the conference scheduled to take place in Geneva in mid-March.

The majority of members would prefer to meet other producers and other producers and other producers and other producers are followed by the Organisa and Congo-Brazzaville to join a new regional grouping to the Middle East Economic Survey, the well-informed Nicosia news letter.

It said that they were in favour of defining Opec's strategy before holding a wider meeting aimed at stabilising duction levels.

Yesterday Algeria hosted consultations with Opec's other Angola, Egypt, Tunisia, and Congo-Brazzaville to join a new regional grouping to take collective action to restore the market.

Iran drops plan for **Gulf bypass** pipeline

IRAN HAS said it will not proceed with an ambitious \$2bn pipeline project to pro-

vide an alternative route for oil now being transhipped from its Kharg Island oil terminai which has been proved vulnerable to Iraqi air

According to a Japanese trade official here, companies were informed several weeks ago the project to build a 380-kilometre pipeline from Ganaveh in the northern Guif to Asaluyeh well to the south was being shelved for the time heing.

It appears the high cost of the project (original estimate was \$1.2bn) at a time when Iran's oil revenues are being reduced by the slide in prices has forced Tehran to review its plans.

A number of international A number of international companies were bidding for the construction contract and for the right to supply pipes. The cancellation of the project will be a blow to these companies at a time when the world construction industry is depressed.

Frontsunner for the contract to construct the pipeline at a cost of about \$1.5bn is believed to have been a consortium of South Korea's Daewoo Corporation and JGC

Among other bidders were South Korea's Sangyong Construction, Daelim Indus-trial, also of South Korea, and an Italo-German consortium representing Selpem and Snamprogretti, and Philipp Holzmann.

Pipe suppliers for a contract that could have been worth about \$500m included italy's Italsider, a Japanese consortium led by Nippon Steel and West Germany's

Bids were called for the project in mid-October soon project in mid-October soon after Iraq began inflicting severe damage on the Kharg Island terminal. Iranian officials said they hoped the first stage from Ganaveh to Bushehr could have been finished this year. The pipeline, when completed, was expected to have a capacity of about 1.5m barrels a day.

President Chun Doo Hwan

The currently six-year aid years, posing a security threat taken.

Pakistan \$3.2bn—half in the military sales credits of economic assistance and the market-related interest rates.

In Argmanistan for the last six which congress has underly years, posing a security threat taken.

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The taken to Pakistan and the Gulf.

The military sales credits of duced no clear picture of future import 40 F1-16 advanced war- aid levels. This will be further market-related interest rates.

The military sales credits of duced no clear picture of future discussed by Mr Mohammed. expires in 1986. The assistance Pakistani army, was aimed at boosting Pakistan Pakistan last y

PAKISTAN AND the US start economy following the 1979 doubling the existing figure—negotiations this week for a Soviet military intervention in long-term package to finance import of weapons and 115,000 Soviet troops have been massive budget deficits and allfighting anti-Marxist guerrillas round pruning of allocations in Afghanistan for the last six which Congress has under-

market-related interest rates— planes, and equipment for the discussed by Mr Mohammed expires in 1986. The assistance Pakistani army. Yasin Wattoo, the Finance was aimed at boosting Pakistan Pakistan last year asked the Minister, and US officials this defence capability and the US for \$6.5bn in assistance— week.

modity prices, has drastically later part of the year. for this year from 6 per cent to

MALAYSIA, hit by falling com- in commodity prices in the At the same time, Govern-

Malaysia scales down growth forecast

for this year from 6 per cent to 3 per cent. The new projection was announced by Mr Sabaruddin Chik, the Deputy Finance Minister.

However, private sector economists say the country may experience zero growth this year, unless there is an upturn growth of 7.6 per cent in 1984.

The same time, they operfor ment leaders are expressing was ing."

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Last year's growth was the lowest in the past ten years and Government officials say the performance of the last quarter was "particularly disappoint-

In line with falling world oil prices, Malaysia has announced a US\$4 cut to its oil prices. bringing them to an average of

SOUTH KOREAN opposition leader Mr Yi Min-u yesterday wowed to press ahead with a campaign to demand direct presidential polls after failing to make a breakthrough on electoral reforms in talks with President Chun Doo Hwan, Reuter reports from Seoul.

As President Chun and Mr Yi met in the Blue House presidential palace, 300 members of Mr Yi said the President has a speed to meet him in 1989.

NKDP officials said Mr Chun had merely dealt that the government or ruling party would change the constitution in 1989.

The president also said that such a change could be dealt with in discussions between the opposition chief that police would not in future blockade NKDP headquarters as they had merely dealt that the government or ruling party would change the constitution in 1989.

The President also said that such a change could be dealt with in discussions between the ruling and opposition parties in parliament, the officials said.

The opposition want the compaign despite being banned from politics.

Meanwhile, police have withdrawn from outside the offices Chun steps down in 1988 to Party added their signatures to also agreed to meet him in a petition demanding changes in future to discuss constitutional the electoral system, party officials said.

Mr YI said the Fresident has agreed to meet him in future to discuss constitutional the electoral system, party officials said. "I made clear to President change of power when he steps Chun that unless he announces down in 1988 should be under a programme towards democra- the present constitution.

Chun steps down in 1988 to provide for direct presidential elections instead of by the current electoral college to drawn from outside the offices of a dissident organisation called the Council for Promocurrent electoral college have been stationed since the An NKDP spokesman said signature compaign began on after the meeting that Chun had February 12.

Pakistan and US start aid talks

long-term package to finance import of weapons and economic assistance, beyond

DEMAND FOR DIRECT PRESIDENTIAL POLLS

Chun meets S Korea opposition

visit to South Africa BY OUR FOREIGN STAFF

Commonwealth group ends

encourage dialogue between the South African Government and the country's black majority were due to visit Botswana yesterday as part of a tour of the southern African front-line city's beaches, although a lead-tates which will culminate in the Zambian capital of Lusaka.

Two members of the panel, no longer remain politically neutral Two members of the panel, no longer remain politically set up after the Commonwealth summit in Nassau last October, have ended a week-long stay in South Africa. The former bathers were kept away by bad Australian Prime Minister, Mr beaches over the weekend but South Africa. The former bathers were kept away by bad weather. An editorial in the Malcolm Fraser, and Dame Johannesburg business news-Nita Barrow, chairperson of the World Council of Churches, will multinational corporations "are under pressure as never before

be joined in Botswanz by Lord under pressure as never before Barber, the former British to justify their presence in Chancellor of the Exchequer, South Africa."

Mr John Malecela, Tanzania's "By going that extra step,"

In South Africa, conservative change."

FIVE MEMBERS of the whites have condemned the Commonwealth group set up to decision by the management of the US-owned General Motors

ex-Foreign Minister, and Archithe newspaper's editorial con-bishop Edward Stott, primate of tinued, "General Motors has Canada's Anglican church. A taken a radical departure Canada's Anglican church.

sixth member of the group, Gen
Olusegun Obasanjo, Nigeria's
former head of state, who has
been visiting the Republic, will
meet up with the group in
Lusaka.

"We need multinationals like
General Motors to stay in South
Africa," concluded the paper.
"so perhaps we should accept
its new stand as a positive
contribution to the process of



Investing in our names Tootal Group

The £25 million investment programme announced by Tootal Group earlier this yea

£2.5 million for clothing, including Tootal Menswear, will install even more machines pattern grading. Over £1/2 million of new machinery will enhance the already high quality of furnishing fabrics printed by result in faster production and greater Group, through its position in Lantor International, is investing £3.5 million in production facilities for purpose-designed

will create better products for customers in Britain and throughout the world.



is now well under way.

with advanced techniques like computerised Calprina. £6.8 million at English Sewing will consistency of fashion-colour thread. Tootal nonwovens.

These examples typify how Tootal investment



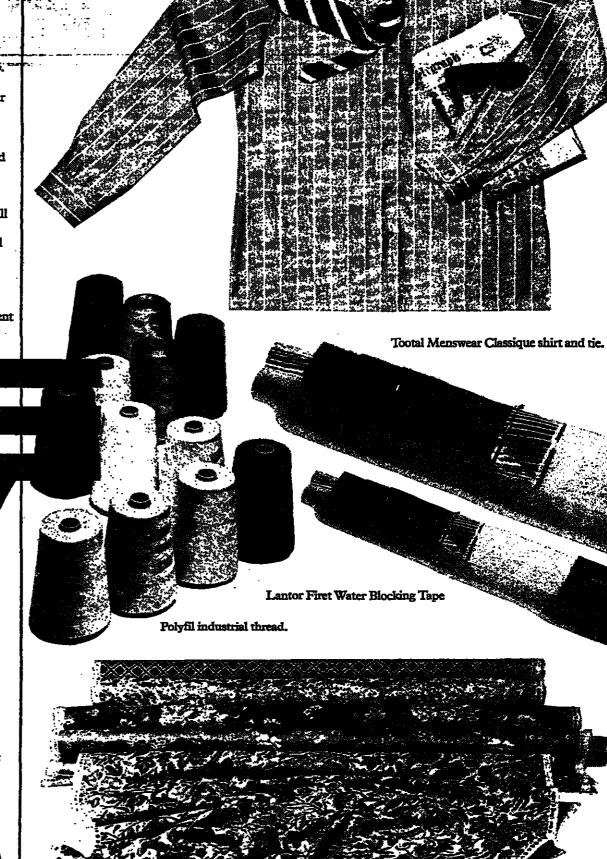
Furnishing Fabrics from Calprina



If you would like to know more about us, write to the Secretary for a copy of our current Report & Accounts, Tootal Group plc, Tootal House, 19/21 Spring Gardens, Manchester M60 2TL.



Our names add up to strength



FIVE French nationals, includ- sion of four Iranians from at his field headquarters on the

French nationals held in Tehran

comment.

Mr Philippe Tissot, the Third
Secretary, was taken from his
car while carrying the
embassy's diplomatic bag, the
French official said. The others
held were Mr Jean-Pierre
Decours, Mr Gilles Picot, Mr
Jean-Pierre Boidet and his wife
Franchise. The three men are Francoise. The three men are The moves follow the expul-

ing the third secretary at the French Embassy, were detained in Tehran yesterday, a senior French official said, Renter writes from Tehran. "No reasons have been given for the arrests," he said.

Iranian Foreign Ministry officials were not available for comment.

Mr Philippe Tissot, the Third Secretary, was taken from his secretary, was taken from his secretary. The seld on the second of the

Republic newspaper reported on Saturday. Kathy

recent wave of bombings in Abdul Rashid said Iraqi forces Paris. Other Iranians were would be in Faw "soon." Last Saturday, the general said his army would be there "in a few days. I still say a few days, but it is not possible to say when," General Rashid said Getting to Faw may present

"This would not happen because we will force them to leave Faw before. We do not expect to enter and then have

Kuwait: An Iraqi general appeared to back off from earlier predictions of a quick victory over Iranian forces

some problems, for the Iraqis clearly want to avoid a streetby-street battle in the town with martyrdom - minded Tranians

ccupying the Faw peninsular: expect to enter a At a meeting with the Press to dislodge them.'

NOTICE OF REDEMPTION

To the Holders of Queensland Alumina Finance N.V. 81/4 % Collateral Trust Bonds Due 1987

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Queensland Alumina Finance N.V. Collateral Trust Indenture dated as of April I, 1972, U.S. \$2,500,000 principal amount of the above described Bonda have been selected for redemption on April 1, 1986, in lieu of a redemption for the purpose of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

ding Bonds of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits: 18 21 29 41 45 46 47 51 53 56 64 66 70

Also Bonds of U.S. \$1,000 Each of Prefix "M"
 6065
 7468
 10258
 17968
 19258
 20668

 6298
 1768
 12268
 18068
 18358
 20768

 6665
 8368
 14668
 18358
 19368
 21268

 6768
 8758
 1758
 18768
 18768
 1158

 7168
 8868
 17788
 1968
 20468
 21468

 7363
 9968
 17868
 19168
 20568
 21568

On April I, 1986, the Bonds designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debts. Said Bonds will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the habler either (a) at the corporate trust office of Morgam Guaranty Trust Company of New York, 30 West Broadway, New York, New York, 10015, or (b) subject to applicable laws and regulations, at the main offices of Morgam Guaranty Trust Company of New York in Brussels, Frankfurt (Main), London or Paris or at the main offices of Bank Mees & Hope NV is Amsterdam or Banque Internationale à Lunembourg S.A. in Lumembourg, Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United State Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social scentrity number, as appropriate). Those helders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also he subject to a penalty of \$50. Please therefore patowice the appropriate certification when presenting your securities for payment.

Coupons due April 1, 1986 interest shall cease to accrue on the Bonds herein designated for redemption.

Following the aforesaid redemption. \$5,500,000 principal amount of the Bonds will remain

n redemption. Following the aforesaid redemption, \$5,500,000 principal amount of the Bonds will remain OUEENSLAND ALUMINA FINANCE N.V.

By JOHN T. LADUC, Managing Direct

Dated : February 28, 1986

NOTICE



Discord dominates EEC debate on farm prices

prices with a collective groan, loud even by their own highly

exacting standards.

Moreover, as each Minister addressed his colleagues in the first debate on the austerity programme which imposes a general freeze on prices, the wide divergence between the member states' individual approaches to the EEC farm crisis also suggested that this ear's negotiation may be harder than ever.

Presenting the package, Mr Frans Andriessen, the Farm Commissioner, warned that the cost of unsold stocks and subsidies for their disposal look set to force spending through the Ecu 21bn (\$18bn) budget ceil-

Finance Ministers would have to discuss his call for a further Ecu 750m in emergency fund-ing at their March 10 meeting

the ministers that more funds for disposal programmes would need to be made available to He said an unavoury scene

and depressing prices. But beyond the call for more resources, the harmony of the meeting lapsed into discard. Mr Filippo Pandolfi, the Italian Minister, insisted that any additional funding should fall largely on the countries of the temperate north.

He claimed that this year northern countries will receive as much as three quarters of all EEC farm spending and that this unfairly discriminated against the Mediterranean.

For West Germany, Mr Ignaz Riechle warned that he would not endorse any scheme that cut incomes through disguised back door methods-a clear rebefore the farm negotiations ference to the Commission's proper could begin.

Such a view was reflected by forced through a small cereals

EEC Farm Ministers yesterday greeted the European Commission's package of 1986-87 farm over the Council. And there prices with a collective groan, appeared near unanimity among ance of theplanned 3 per cent Mr Kiechle said that acceptance of theplanned 3 per cent co-responsibility levy, or producer tax, on cereals output would be conditional on stricter quality controls

These two latter points aroused the fierce objections of Mr Michael Jopling, the British Minister. He warned that the UK would oppose any moves that threatened to discriminate against efficient farmers. There were also wide ranging objections to many elements in the price freeze package from

The national conflicts which the farm crisis has exposed may also be paralelled by fierce internal debates within governments over tactics on the farm question. The West German, Dutch and British Finance Ministries have repeatedly emphasised their commitment to imposing budgetary disci-pline on the EEC's agricultural

France

Notice of Redemption

Utah International Finance Corp.

8% Guaranteed Sinking Fund Debentures Due March 15, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 15, 1972 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on March 15, 1986 (the redemption date), through the operation of the Sinking Fund provided for in said Indenture, \$1,822,000 principal amount of Debentures of the said issue, bearing the following distinctive numbers: COUPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING

The Debeutures specified above are to be redeemed for the said Sinking Fund at the Citibank, N.A., Corporate Trust Services, Trustee, 111 Wall Street—5th Floor, New York, New York 10043, and the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London (Citibank House), Milan, Paris, Brussels, or Banca Commerciale Italiana in Milan, or Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg in Luxembourg. as the Company's paying agents, and will become due and payable on March 15, 1986 at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on the said

Debentures will cease to accrue. The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date. Coupons due March 15, 1986 should be detached and presented for payment

> For UTAH INTERNATIONAL FINANCE CORP. By CITIBANK, N.A., Trustee

February 18, 1986

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct tax identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

Ireland signs terrorism convention

By Hugh Carnegy in Dublin

IRELAND signed the European convention on the suppression of terrorism in Strasbourg yesterday, meeting a long-time demand by Northern Ireland Unionists but risking hostility from opposition politicians at

Mr Alan Dukes, the Republic's Justice Minister, said after signing the con-vention that he hoped legislation to ratify the more, which was promised as part of the Anglo-Irish agreement, would be passed by the Irish parliament in the autumu.

Until yesterday, the only members of the council of Europe not to have signed the convention since it was drawn up in 1977 were Iredrawn up in 1977 were fre-land and Malta, a fact which Unionists in the North had long seen as proof of Dublin's unwillingness to tackle

Republican violence,
Successive Irish Governments had refused to sign
because they believed it contravened a provision in the Irish constitution which prevents extradition for political offences. Dr Garret Fitz-Gerald's Fine Gael-Labour coalition felt able to go ahead, however, after the Supreme Court in effect redefined the nature of a political offence. In the best-known case, the court agreed to the extradition last year of Mr Dominic McGlinchey to North-ern Ireland because it ruled that the type of violent offences he was accused of were not reasonable political

judged that the way was clear legally to accede to the convention which provides that offences such as hi jacking, kidnapping and bombings should not be regarded as political offences for the pures of extradition.

In practice, the lrish sign-ing will make little difference as the Supreme Court ruling has already cleared the way for extradition to the North But the move removes a major Unionist grievance and has been warmly welcomed by London as evidence of genuine security progress under the Anglo-Irish agree-

Dr FitzGerald may face opposition to the move in the Republic, however. The opposition Fianna Fail Party has accused the Prime Minister of giving in to British

Nato allies grow nervous about vote in Spain

By David White in Madrid

SPAIN'S political parties today begin two weeks of tele-vision and radio campaigns for the March 12 referendum on continued membership of the North Atlantic Treaty Organisa-tion, amid growing signs of nervouness about the outcome, both in the Socialist Government and among the Nato

Mr Felipe Gonzalez, the Prime Minister, yesterday appealed for "screnity" but admitted that the referendum would not be easy for the Government. He noted that opinion polls continued to put the "no" vote in the lead. the "no" vote in the lead.

It is clear that the Madrid government led the allies to expect a more positive balance at this advanced stage of the debate. The Government's own opinion surveys have recently coincided with independent polls in indicating that it has an uphili task in persuading a majority to back its qualified pro-Nato stance.

Under a deal worked out by a multi-party commission, television time will be distributed according to each party's representation in parliament. This means that the socialists with the largest than followed. get the largest share, followed by the right-wing popular alliance, which is calling for

Christopher Bobinski on how pollution is spoiling a socialist dream

Polish planners' pride lacks joy

A LINE of smoke stacks belching out industrial waste has long been one of socialism's most potent virility symbols, and the Katowice district, with its ooal reserves and heavy in-dustry, has enjoyed a special place in planners' hearts. But after four decades of a record 20 per cent of national annual capital investment going into a mere 2 per cent of the country's land area, the local

establishment wants to call a This is a startling reversal of This is a starting reversal of attitudes. Local politicians used to equate new projects with money, power and prestige, and were happy to take what was offered by the industrial ministries. But the resulting pollution has now changed their minds.

Snow in winter in the Katowice area is slightly grubby even as it hits the ground and streams are so full of chemicals that they no longer freeze. In summer the sun often appears as only a smudge through the

Water for industrial and domestic purposes has been short for some time. There is a lack of labour, transport and housor labour, transport and noise worty about little eige.

Traditional attachments to their muscles on the ecology well as officials ensounced in a such things as allotments die issue.

City hall which itself is beginhard, even though vegetables In some places they have ning to crack as miners burmay have a dangerously high been helped by ecology cam-



the head of the local environ-

population. Many have lived in this industrial area for genera-

row away at the coal below, agree that the area is not far away from ecological catas-trophe.

Mr Krzysztof Jedrzejowski,

mental protection department adds. however that growth in pollution levelled out in 1984 and the struggle is now to achieve a fall. Consciousness of the threat has yet to percolate down to the

tions and are used to the grime, while others have been attracted here by the higher wages and worry about little else.

lead content. Local government posters warning of this are ignored or defaced. Over the past few years the Government has agreed that Katowice needs a halt to heavy industrial development and a change in structure to more modern pollution-free tech-

But as the tussle over approval of the 1986-90 economic plan at the Communist Party Congress in June enters a decisive phase, the reality is that the powerful industrial lobbies are continuing to push for projects which would make the situation worse.

The local Katowice admini-

The local Katowice administration is led by Mr Tadeusz Wauk, who is considered to be well aware of the ecological dangers of giving in to these demands. Behind the scenes he has been fighting a rearguard action to shift some of the

He is backed by local government councils chosen in 1984, which under new laws have the power to veto new projects. Over the past couple of years councillors who were officially approved before being allowed to stand, have begun to flex

paigners in trying to industrial demands. come to us for advice and even come to us for advice and even want us to set up courses for them," says the outspoken and energetic Ms Bozena Spiadek from the tiny local ecology club set up in 1981 during the Solidarity period.

She fondly remembers the time last May when three councils meeting together turned down the powerful Minlag Ministry's request to locate a waste tip in their area. Nevertheless the local planning chief, Mr Tadeusz Cypcar, stresses that the area must interest and denies they want a halt to all investment. He hints that it is at the centre that the decisive debate is taking place, with heavy industry and raw materials lobbies making heavy demands.

In the end, the fate of Katowice hinges on the continu-ing debate about the country's economic reform. If imple-mented in full it mould put industry on to the road of greater efficiency, thus minimising the importance of these lobbies. Unless the economic reform is implemented, the future of Katowice will con-tinue to look quite literally

Perle begins

in Turkev

defence talks

By David Barchard in Ankara

Mr Richard Perle, the US deputy secretary of defence, yesterday began two days of talks with the Turkish Govern-

ment in Ankara.

Diplomatic sources said that
Mr Perle, who was accompanied
by a team of 40 US officials, was

Bangemann seeks Ecu action

BY JONATHAN CARR IN FRANKFURT

the restrictions on use of the ent central bank in Frankfurt, European Currency Unit (Ecu) would now drop its restrictive in West Germany has been attitude to the Ecu if Bonn gave launched by Mr Martin Bange- it the appropriate signal.

competitive disadvantage be-cause of the domestic ban on

restrictions would be seen by Bonn's partners as a move towards greater European inte- formal opposition to the Ecu gration. Moreover the step on section three of the country's would not endanger German monetary stability.

Mr Bangemann outlined his

stance in a letter to Mr Gerhard currencies but which are pay-Stoltenberg, the Finance Mini-ster, who has the main govern-ment responsibility for cur-different European currencies ency matters. —is held to involve Mr Bangemann said he felt a form of indexation.

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Cabinet has approved plans to buy 19 Airbus A-320 aircraft for the domestic Indian Air-

lines. The order is worth \$1.7bn.
The Airbus order has so far been

only in the form of a letter of intent

after the Indian Government changed its mind on its initial deci-

sion to buy aircraft from Boeing to replace the ageing Boeing 737 fleet of Indian Airlines.

The Cabinet's decision to confirm the order from Airbus Industrie came after an Indian delegation vis-

ited France recently to evaluate the

BY ANDRIANA IERODIACONOU IN ATHEMS

NEW drive to remove the Bundesbank, the independ-In contrast to the situation in other European Monetary mann, the Bonn Economics In contrast to the situation in other European Monetary Mr Bangemann complained System (EMS) states, West that German business was at a German banks are not allowed

to open accounts denominated in Ecu. This effectively bars the Ecu, which was increasingly west German residents from used in International payments transactions.

He added that removal of the

> The Bundesbank bases its currency law which forbids indexed liabilities—that is debts whose value depends on other currencies but which are pay-

is held to involve just such

A firm order for the aircraft will ing two British Aerospace Type 146 be placed soon and they will start four-engined regional jet airliners, arriving in India from early 1988. with deliveries next month and in

Pending the arrival of the air-craft, Airbus Industrie has under-taken to provide 12 Airbus aircraft on lease. These will start arriving in

months.

Michael Donne, Aerospace Correspondent writes: British Caribbean Airways, a new airline based in the British Virgin Islands, to Miami, avoiding past practice of changing aircraft in San Juan, Pubean Airways, a new airline based in the British Virgin Islands, to Miami, avoiding past practice of changing aircraft in San Juan, Pubean Airways, a new airline based in the British Virgin Islands, to Miami, avoiding past practice of changing aircraft in San Juan, Pubean Airways, a new airline based in the British Virgin Islands, to Miami, avoiding past practice of changing aircraft in San Juan, Pubean Airways, a new airline based virgin Islands, to Miami, avoiding past practice of changing aircraft in San Juan, Pubean Airways, a new airline based in the British Virgin Islands, to Miami, avoiding past practice of changing aircraft in San Juan, Pubean Airways, a new airline based in the British Virgin Islands, to Miami, avoiding past practice of changing aircraft in San Juan, Pubean Airways, a new airline based in the British Virgin Islands, to Miami, avoiding past practice of changing aircraft in San Juan, Pubean Airways, a new airline based in the British Virgin Islands.

Indian Airlines has the option of or- November.

India in the next three or four

Greek air ticket rules attacked

India to order 19 Airbuses

dering another 12.

The Bundesbank says it fears that if permission were given to Ecu accounts, a precedent would be given for other forms would be given for other forms of indexation and there would be a danger of greater inflation. However, Mr Karl Otto Pöhl, the Bundesbank president, stressed publicly last year that the central bank was "not dogmatic" on the issue. He indicated that if other EEC states dropped restrictions on capital controls, the West Germans might be ready to give Germans might be ready to give the green light to the Ecu.

the green light to the Ecu.

In recent weeks both the government and Bundesbank have noted with interest the remarks of M Jacques Delors, president of the European Commission, that he is launching a major drive this year on capital controls in the EEC.

Signs of success by M Delors could, it is felt, create the conditions in which the Germans revised their Ecu stance.

The airline, registered in Tortola,

Initial flights will be from Tortola

by a team of 40 US officials, was in Ankara for a routine sixmoothly meeting of the US-Turkish defence co-operation working group. But they added that the meeting had apparently because of the visit to Ankara next mouth of Mr George Shultz the US Secretary of State.

Routine: matters such as in-Routine matters such as in-dustrial defence co-operation including a \$4.25m (£35m) project to build F-16 fighter jets—and the modernisation of the Turkish armed forces are expected to be discussed. However, chief interest will focus on the standard market will focus on the stalled negotiations for the next Turkish-American defence economic co-operation

every five years, expired on December 19 without negotia-tions being completed. The existing treaty thus remains in force pro tem, a situation which the US views with equanimity but which has caused some impatience in

Turkey. Since early January the log-jam in the negotiations is believed to have been partially unblocked and Mr Perle will undoubtedly be trying to assess how close a new agreement is.

Cyprus aims to reduce deficit

CYPRUS is to try to reduce its fiscal deficit from about 5 per cent of the gross domestic product to below 4.5 per cent this year, Mr Christos Mavrellis, the Finance Minister said, writes Andrea Hadjipapas.

In an effort to raise an extra £2.8m revenue this year, he appealed to the House of Representatives to approve a Government of the control of t

FOREIGN AIRLINES in Greece are reacting against a central bank move to enforce complex rules and regulations determining the currency in which tickets bought in Greece must be paid.

Under its treaty of accession to the EEC, Greece should have dismantied all foreign exchange controls by the end of last year.

Central bank officials said that a circular issued in January was intended to stop the speculative buying of drachma-paid tickets in Greece, at prices lower than those abroad.

An artificially low rate of 80 drachmas to \$1, set by the Greek

To REIGN AIRLINES in Greece authorities, is used to compute tick the trace of the drachman authorities, is used to compute tick the trace of the drachman authorities, is used to compute tick the prices. This compares with the required to pay in foreign exchange the amount by which the price of the ticket exceeds the economy lare the ticket exceeds the economy foreign exchange at a tax rise on petrol. He said the ticket exceeds the economy foreign exchange at a tax rise on petrol. He said the revenue would be used to the ticket exceeds the economy foreign exchange at a tax rise on petrol. He said the revenue would impose the ticket exceeds the economy foreign exchange to the ticket exceeds the economy foreign exchange on the ticket exceeds the economy foreign exchange on the ticket exceeds the economy foreign exchange to the ticket exceeds the economy foreign exchange on the ticket exceeds the economy foreign exchange on the ticket exceeds the economy foreign exchange on the ticket exceeds the economy foreign exchange to the ticket exceeds the economy foreign exchange to the ticket exceeds the economy.

The airline or travel agent must heep a record of the purchaser's per cent last year.

The airline or travel agent must we product to pay in foreign exchange to the ticket exceeds the economy.

The airline or travel agent must we product to pay in foreign exchange to the ticket exceeds the economy foreign exchange to the ticket exceed the amount by which the price of the

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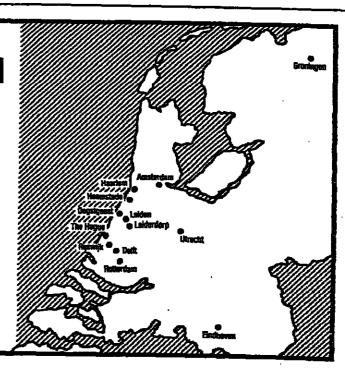
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In the early 1800's, denying the existence of distilleries was a national Scottish pastime.

Oh, they were there, all right.
But most were illegal. You see,
savage taxes imposed by the
Philistines of Westminster made
distilling the national beverage
well nigh impossible.

Tax evasion became the only honourable course. The canny Highlanders took to the hills and the glens.

A whole industry started to flourish underground.

And excisemen, or gaugers, marched North, with orders to stamp it out.

The Artful Dodgers.

But it proved a hopeless task.

All measures to deter the distillers were met with ridicule.

Even a £5 reward for the discovery of a distilling pipe (or copper "worm") did nothing to halt the flow of whisky. In fact it was a boon for the whisky makers.

When a "worm" was worn out, the distiller would miraculously "find" it, hand it over to the authorities, claim his reward and promptly purchase a new one!

gy ib

na Bist

Such was the Highlanders' contempt for the law that it was not even considered a disgrace to be imprisoned for illicit distilling

Indeed, in Dingwall Gaol offenders were treated in the mildest possible way, even allowed out on Sundays and special occasions and "honourably

one prisoner even approached the governor with the remarkable proposition that they set up a still together

in the gaol!

But out of
this lawlessness
came greatness.
The illicit dram
was magnificent.

The Reverend
Thomas Guthrie was a boy in 1818
and he recalled that "everybody,
with few exceptions, drank what
was in reality illicit whisky — far
superior to that made under
the eye of the Excise — lords, lairds,
members of Parliament and
ministers of the gospel and everybody else"

And the finest dram of them all was THE GLENLIVET.

The Sassenach Connection.

THE GLENLIVET Distillery was started by one John Gow Alias Smith.

Bit of a mystery, John Gow Indeed he had very little option.

Having fought and lost with Bonnie Prince Charlie, he fled with his family in 1746, hiding deep in the countryside.

And to baffle the English soldiers, he changed his name from the gaelic Gow to Smith.

This is why such a Sassenach name as Smith appears on the bottle of Scotland's most venerated whisky:

By good fortune, John Smith, ex-Gow, settled in the precise spot where the water and the peat were the best in all Scotland for making



Glenlivet Distillery

Elizabeth Grant, an MP's

daughter, wrote about it in her

malt whisky. This mysterious man had stumbled upon a mysterious well. Josie's Well.

It's the water from this well that makes THE GLENLIVET magical.
We can't tell you why. There is no explanation.

And there is no other well

And there is no other well that performs the same magic.

By the time John Smith's grandson George inherited the still in 1817, the fame of THE GLENLIVET

had spread far and wide.

"It is worth all the wines of France" opined the Doctor in Sir Walter Scott's St. Ronan's Well, "and more cordial to the system besides."

His Majesty's Pleasure.

THE GLENLIVET that George

Smith made even flowed in the

corridors of power.
In 1822 King George IV paid
an official visit to Edinburgh and

Chamberlain, was looking everywhere for the pure Glenlivet whisky: the King drank nothing else.

My father sent word to me — I

cross. Lord Conyngham, the

My father sent word to me — I was the cellarer — to empty my pet bin, where whisky was long in the wood, mild as milk and the true contraband goût in it."

Such a princely potion couldn't stay illegal much longer. It was unthinkable that the King should ever have to deny that his greatest pleasure didn't actually exist!

Luckily, back at the House of Lords, commonsense was about to break out, under the influence of George Smith's landlord, the Duke of Richmond and Gordon.

In 1823, their Lordships passed an Act which made distilling a commercial proposition.

And the first man to take out a licence under it was our own George Smith.

Plain sailing from then on you'd think. Nothing of the sort.

The neighbour's burning desire.

Although George had decided to go legal, his neighbours would have none of it. They regarded him as a traitor.

"The outlook was an ugly one," wrote George. "I was warned by my civil neighbours that they meant to burn the new distillery to the ground and me in the heart of it."

Such threats in the wild remoteness of the Highlands were not idle. So for his protection, George was presented

with a pair
of hair trigger pistols,
worth ten guineas, a
gift from his
friend the Laird of



TECHNOLOGY

Kenneth Gooding looks at Ford's new £100m Transit production line

Television plays a van guard role

IT ONLY takes one tiny computer fault for robots to reduce a multi-million-pound vehicle assembly line to chaos. But at Ford's new highly automated Transit van plant in Southampton a novel television inspection system is making sure the

system is making sure the robots stay in line.

The computerised inspection system cost only £60,000. But it is vital in protecting Ford's £100m investment by checking that the 125 robots fit the right body panels together.

Ford claims to be the first motor company in Europe to employ such a system. Made by Rediffusion Robot Systems of Crawley, Surrey, it uses five television cameras linked to a

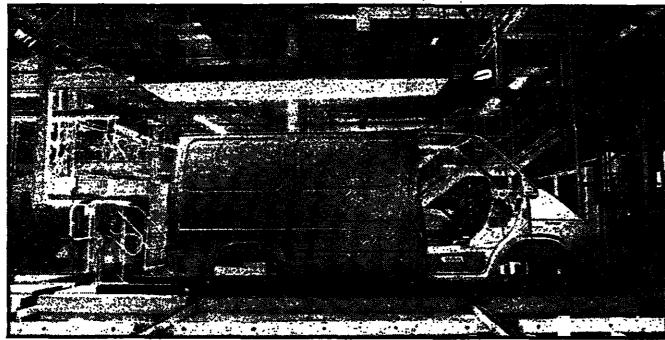
The system is installed in front of a Lamb-Sceptre robot welder. The welder puts together the main body components: floor pan, body sides

and crossmembers.
The television cameras check the vehicle components to make sure their shape conforms to the order—be it for a bus, short wheelbase, high roof model or any other of the 36 possible Transit van body variations.

A bar code on the floor pan-like the ones used on goods in department stores and supermarkets—tells the com-puter to which Transit body variant it belongs. The cameras then inspect the side and rear panels which are about to be welded to the pan to make sure they are for the same variant ford's Genk factory in beginning, and that they are correctly for 100 metres where 38 robots make up to 1,800 welds.

aligned vans at this point — before they have begun their journey through the automatic welding line—prevents damage to the robots and expensive production delays.

The inspection of floorpan and sides takes place by flood-lighting the components from above. The cameras pick up



After the inspection, the vans proceed along the main body construction line at Southamp-ton (and at an identical line at

Once the main sub-assemblies another 100-metre line where a further 35 robots produce the

The last ten years has been the most

successful in our history.

services sector.

to be part of it.

and competitive as any in Britain.

Today, we're one of the leading

companies in the fast-growing financial

on innovation and service that will guide

And better products, organisation and

Our future looks bright. We'd like you

our success through the eighties and

marketing skills than ever before.

the reflection of this light and have programmable heads which if the picture is wrong in any control the attitude of the gun way the line is stopped so the fault can be put right.

have programmable heads which if the picture is wrong in any control the attitude of the gun head to the workpiece. Manual welding is restricted to the tack welding is restricted to the tack made and delivered to the welding of assemblies before appropriate point on the they are transferred to an auto-matic machine which makes the

Structural welds.

Computers play a big part in the process and are used right from the beginning, even in the made. The bar code contains the made. The bar code contains the made are the trans-

There are two computer systems using a common data base. One schedules the body construction and another keeps complete bodyshell, often needing as many as 1,400 welding actions.

Not all the robots at Southampton are of the common which is checked throughout the bar could be readed and the but, just in case information interpreted by the wrong with the central computer. This means gramming, to fidentification is used inspection system.

The body shop scheduling of identification is used inspection system. At the assembly of the vehicle. At tion process to select a pro-

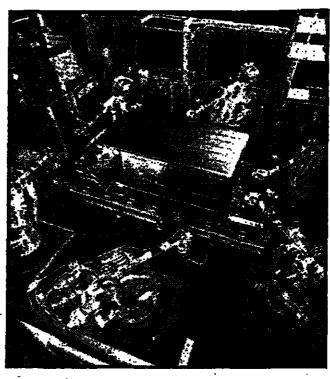
specific points the computer system triggers a call for gramme from the robotic welding operations to match those necessary for each version of the van.

required for each van.

The bar code is read by

appropriate point on the assembly line to coincide with the arrival of the main body. Ford says the latest technology was needed to produce a production line capable of assembling so many different types of Transit at the rate of 300 a day. order number and can be trans-lated into the body shape, colour and level of trim

And the company says the wide use of robots and other automatic welding methods ensures a quality and consistency of build that cannot be achieved in a manual operation. But just in case something goes wrong with the computer pro-gramming, the television inspection system can spot trouble and halt production at





vehicle matches the custo mer's order before the welding operation begins, thus ensuring a "mis-build" does not occur. The inspection of floor pan and sides takes place by floodlighting from above. Cameras pick up the reflection of this light and if the picture is wrong in any way the line is stopped so the fault can be put right. LEFT: The final stage of framing incorporates Kuka robots to complete the welding process. These autochange sequence of operation for the 36 possible Transit derivatives

Hybrid chip has strong cost-cutting potential

THE COST of electronics equipment, from robots to office copiers, may be cut by novel "hybrid" circuitzy which removes the need for special output chips to link semiconductors with the outside world.

Some of the world's top elecsome of the world's top elec-tronics companies are working on the circuitry, which com-bines in a single chip two tech-nologies—bipolar and CMOS— which have different uses and which normally need separate semiconductor devices. The companies include Motor-

The companies include Motor-ola, Texas Instruments, National Semiconductor and A T and T of the US, Hitschi of Japan and SGS of Italy. Although it is un-likely that the new, so-called BIMOS chips will ever account for anything more than a small proportion of world chip sales, small companies in particular may find that the hybrids rep-resent a profitable niche area. One such company is Mietec, based in Oudenaarde, near Brussels, which plans to specia-lise in custom chips mainly produced using BIMOS.

The company, a joint venture between Bell Telephone Manufacturing (a subsidiary of ITT of the US) and GMV, a bank owned by the state of Flanders, plans annual sales by 1990 of \$30m, of which 60 per cent would be due to BIMOS devices. CMOS and bipolar technolodescribe the wa tronic properties of silicon are altered to make electrical switching devices such as tran-

switching devices such as transistors.

Most of the world's cheap, mass-produced chips (memorles and microprocessors for example) use CMOS circultry. They can be packed into a small area and normally run on less than 15 volts.

Bipolar chips, in contrast, process information faster and

cess information faster and consume more power, often operating at above 70 volts. They are used in processing chips in big computers and to connect CMOS chips to external equipment such as printers and machine tools which draw rela-

© 1986 The Sheraton Corporation

Novel circuitry represents an

opportunity for

small companies to open up a profitable

niche market, reports Peter Marsh

chips using either technology. BIMOS chips could change this pattern by enabling designers to use one set of circuits for a rariety of functions.

If BIMOS technology becomes entrenched, the number of chips in many common electronic products could be halved. The prospects look especially promising in telecommunications, says Mr Peter Savage, an analyst with Dataquest, a market-research company based in San Jose, Celifornia.

Equipment such as exchanges work, normally require different combinations CMOS chips.

rding to Mr Savage, the industry may by 1990 bay BIMOS chips worth about \$1.2bn, or roughly half the industry's consumption of inte-grated circuits.

Few observers can agree, however, on the prospects for BIMOS technology. Mr Dean Winkelmann of Integrated Cir-cuit Engineering, a research company in Scottsdale, Arizona, says BIMOS is "a wonderful concept" but will grow only

He says sales of BIMOS devices will reach only about \$66m worldwide by 1990, a figure that is a tenth the size forecast

by Mister.
The key question is whether inactine tools which draw relatively large amounts of power.

In the absence of simple methods to put both CMOS and bipolar technologies on a single chip, electronics engineers have been forced to use mixtures of managing director of Wolfson

party in Edinburgh producing BIPOS circuits is not difficult. They are designed differently to separate CMOS or bipolar devices.

would also have to rethink their production lines, which norm-ally keep CMOS and bipolar devices well apart.

To put both sets of circuits on one chip, an engineer must change the conventional way in which atoms of materials such which atoms of materials such as phosphorus are inserted into silicon to change its electronic properties. In this way, a small slice of the material is made to act as a transistor.

Different versions of this process, known as ion implantation, are normally used for either bipolar or CMOS circuits. While bipolar circuits require deep implantation several microns (millioniss of a metre) below the surface and so need especially powerful ion machines, CMOS technology uses shallow implantation of more than half a micron.

According to Mr Dan Hatcheson, vice president of VLSI Research, a company of technology analysts in San Jose, production of BIMOS circuits will favour companies with advanced computerised with advanced computerised techniques for designing

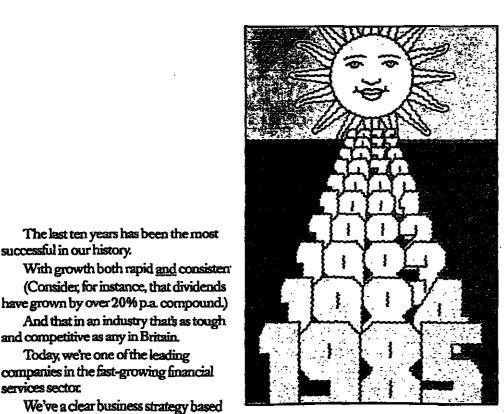
caips.

Such chips, designed to meet the particular requirements of customers, are more likely than mass-produced "standard" chips such as microprocessors to require different combina-

to require different combina-tions of bipolar and CMOS technologies.

"BIMOS technology is design intensive because you have to match up the different ways of putting CMOS and bipolar circuits in a chip with the needs of the customer," says Mr Hutcheson

The production of application specific circuits represents a specific circuits represents a fast-growing sector of the world's market for integrated circuits. According to Dataquest, sales of such chips will climb to \$13.2bn in 1990 from \$4.6bn last year. This is out of world sales of integrated circuits due to reach \$51bn from \$24bn last year.



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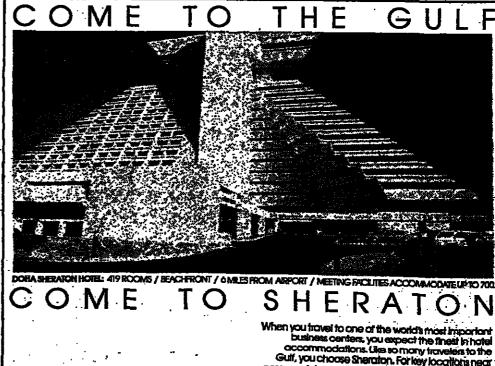
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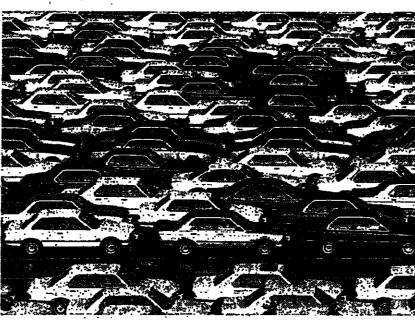
Torture on the North Atlantic.

o your computers work at sea?
Not long ago, the Wallenius Lines of Sweden asked Sperry this question.
A Wallenius ship carries almost three quarters of a million pounds worth of spare parts. Onboard computers would free some of this capital and rationalise

But not any old computers. Wallenius wanted a system that allowed the crew to generate their own applications, and that could be serviced in Japan, Europe and North America. Their choice: Sperry's Mapper system.

The question remained, could the Mapper hardware and software survive an Atlantic winter storm?

It became Sperry engineer Mats Lindfors' job to find out. And he did. The hard way.



1. The Wallenius Lines ship vehicles. 800,000 cars, trucks and other wheeled cargo a year on 30 ships make them the world's fourth largest company in the business.



The biggest Wallenius trade routes are Europe
 — U.S.A. and Japan — Europe. The value of
 one RoRo ship with a full cargo is a staggering
 £90 million.



3. Af midnight on January 19, 1984, a Wallenius ship left Gothenburg, Sweden, with Mats Lindfors and a Mapper computer onboard. Destination: Port Elisabeth, U.S.A.



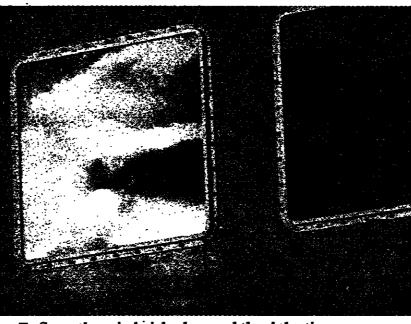
4. "It was going to be a critical first Atlantic crossing for both me and Mapper," says Mats Lindfors. "The outcome would determine the sale of 13 computer systems."



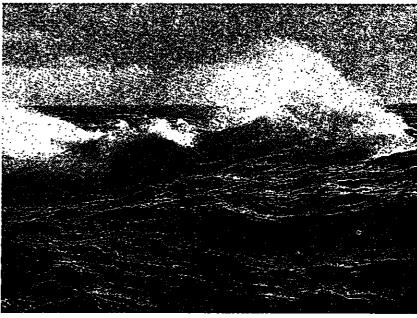
5. Docking in Rotterdam put the computer through its first ordeal. The bow propellers dimmed the interior lighting, but Mapper didn't seem to notice.



6. Salt and damp didn't bother the Sperry equipment either. Nor did the ship's vibrations. Mats Lindfors ran his daily test programs, unaware of what lay ahead.



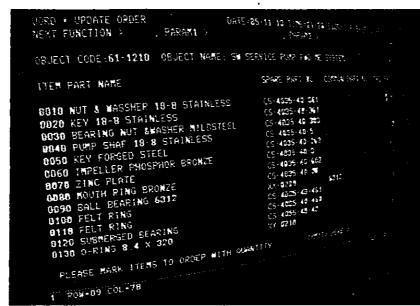
7. Soon the wind picked up and the Atlantic grew mean. The ship began to pitch and roll. On the third day, the storm reached force 11, close to a hurricane.



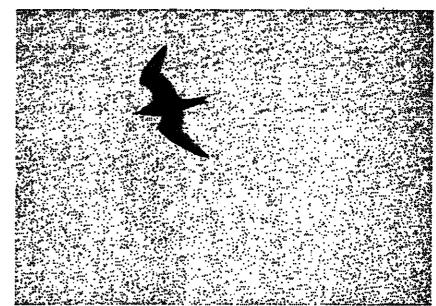
8. 55-knot winds whipped up 40-foot waves. The autopilot ceased to function. In his cabin Mats Lindfors lay stricken by seasickness.



9. The only one to ride out the storm unmoved seemed to be Mapper. Wallenius signed the Sperry order and a hectic period of development work and crew education began.



10. Today, a third of the crew works with the Sperry system onboard ship. Mapper lets them go on building and trying out new applications without having to be programmers.



11. Wallenius are first in the world with a shipbased, multi-user computer system. The next step: Sperry ship-to-shore computer communications via satellite.

Mexico set to press Baker for change in debt policy

MEXICAN Finance Minister, rather than artificial cuts in the to meet L'S Treasury Secretary James Baker yesterday amid expectations that he would urge expectations that he would tree the US to accept that his country can no longer fully meet the interest payments on its \$97bn (£69bn) of foreign

The meeting promises to be difficult. Senior Treasury officials have made clear that they do not accept the Mexican view that it is time to depart from the well-established formula for dealing with heavily indebted developing countries. indebted developing countries. This formula involves the advance of new money from the International Monetary Fund and the commercial banks

Supreme Court

extradition plea

THE US Supreme Court Yes-terday denied an appeal by alleged Nazi war criminal Mr John Demjanjuk challenging

his extradition to Israel to stand trial on charges he

mur-ered 900,000 Jews at the

Treblinka concentration camp

in Poland, Reuter reports from

Mr Demjanjuk would be the

first accused Nazi war criminal extradited by the US to Israel.

In a sperate case, the court refused to review a ruling that stripped Mr Serge Kowalchuk of his US citizenship for con-

cealing alleged wartime atroci-ties when he entered the US

prosecutors

Government

turns down

ing to levels below those prevailing in the market place.

Mexican officials have refused to give details of the proposals they intend to put to the US, the outlines of which were described in a speech by Mexican President Miguel de la Madrid on Friday.

On the face of it, however, they appear to cut across not only the stance which US offi-cials say they are adopting towards Mexico's debt problem. but also the broader revision of the debt strategy which Mr Baker outlined at the annual meeting of the IMF and World Bank in Seoul last October.

banks, the IMF and the World Bank to advance new funds to heavily indebted developing countries to promote economic growth, and for the countries themselves to institute radical

Mexico's position may be strengthened by the evident reluctance on the part of commercial banks to commit large sums of money to problem

There are suggestions tha some banks are anxious to look at new forms of debt relief and are hoping that banking regulations can be changed to make this option more attractive.

Shuttle commission probes chain-of-command failure

THE US presidential commission investigating the Challenger disaster is expected to investigate a failure in communications between top and middle level officials of the National Aeronautics and Space fatal take-off was about 29 C, Argency (Nace) in public hear. Agency (Nasa) in public hear-about 9 degrees colder than ings to be held in Washington surrounding air temperatures.

said they were not told of the freezing temperatures on the launch pad or of the strong opposition to the launch by

charged he persecuted Jewish civilians as a member of the Nazi-controlled Ukranian police According to the New York Times yesterday, middle level officials immediately suspected that the cause of the shuttle during 1941 and 1942 in Poland. Mr Kowalchuk, 65, faces possible deportation to the Soviet Mr Demjanjuk, a 65-year-old retired car worker from Cleveland, Ohio, has been held in federal prison since last April, when a judge ordered him to be sent to Israel for But it was more than a week before their suspicions reached their superiors.

Among those scheduled to testify is Mr Lawrence Mulloy, head of the solid booster pro-gramme at the Marshall Space Israel has sought his extradition since 1983 Mr Demjanjuk's attorneys, in njanjuk's attorneys, in Flight Centre, and his col- the launch pads. However con-against extradition, leagues. Mr Mulloy reportedly struction and testing could take said jurisdiction over war crimes rests exclusively in US. Mr Demjanjuk, who faces execution if found guilty in Israel, has denied the charges. In Multiply reportedly said to engineers at the commonths. While on paper there is an option to launch again in about six month, few officials of their concerns about the cold believe all problems will be resolved by then.

today and tomorrow.

Increasingly, reports leaked to the Press have presented a picture of high level Nasa officials giving the signal to launch without vital information possessed by their subordinates. The top officials have rest of the water vertical of the result of the Nasa top ranks. They indicates the result of the Nasa top ranks. They indicates to result of the Nasa top ranks. They indicates to result of the Nasa top ranks. They indicates the result of the Nasa top ranks. They indicates the result of the Nasa top ranks. Thickel engineers feared that

of an impending shake-up in the Nasa top ranks. They indi-cate the White House is searching for a replacement for Mi opposition to the launch by who is on temporary leave, so that the space agency can re-It may be a year before the next shuttle is launched and

that the cause of the shuttle there is deep concern in the explosion was faulty O-ring Pentagon about delays in seals on the booster rockets. But it was more than a week Nasa will not launch again without correction to the O-ring problem, whether or not it turns out to be a cause of the explo

> The favourite option for a remedy is to install heaters on

Ruling on . budget law 'to be made by July'

THE US Supreme Court said yesterday it would decide by July on the constitutionality of the Gramm-Rudman w which requires a balanced Federal budget by 1991,

Washington.
The court said it would review a decision by a special three judge panel that struck down a key provision of the legislation on the grounds that it violated the separation of province between the Preciof powers between the Presi-

dent and Congress.
The first \$11.76n (£8.35bn) of spending cuts under Gramm-Rudman, are due to take effect on March L but are not affected by the anel's roling.

The law calls for a deeper,

second round of cuts to take effect October 1, the start of the next fiscal year, if Congress fails to reduce the deficit to \$144bn. The deficit stands at about \$208bn this

The panel's roling left in-tact a fallback provision requiring Congress to vote annually on a spending-out figure to meet the law's deficit-reduction goals. But it struck down a provision that assigns the job of ordering those cuts to the Comptroller Generall.

The panet said the constitu-tion bars the Comptroller General, who heads Congress' General Accounting Office, from exercising such executive powers.

Bermuda call for referendum

By Roger Scotton in Bermuda
THE BERMUDA Government is facing demands for a referendum to decide whether Britain's oldest colony should seek indepen-

A private member's bill tabled by Senator Hugh Richardson, president of the upper house, calls for a referendum by April 7 next year. It will be the subject of intense political debate over the next few weeks. over the next few weeks. Government backbenchers have condemned the proposal but Premier John Swan, who favours independence, has said he will not raise objections to a referendum, and is believed to have given the bill his tacit support.

Doreen Gillespie outlines the complex pressures on a new leader

Violence mars Garcia honeymoon

THE PRESSURES of the first six months in office have robbed Peru's 37-year-old President, Mr Alan Garcia, of some of his exuberance. But despite the overnight curfew affecting Lima and the port of Callao, his noneymoon with the people is

There have been mild objections to the state of emerg-ency policed by the armed forces and the suspension of constitutional guarantees from left-wing political parties and labour leaders. But most of the press and the man in the street have accepted President Garcia's action.

Early morning bombings in Lima had been getting people out of bed almost as often as the alarm clock. Recent targets were exclusive restaurants and foreign franchise chains, social clubs and self service shops, as well as political beadquarters and bank offices.

Early this month a fire

started by incendiary bombs destroyed half a block of shops in the town centre close to the Plaza de Armas where President García lives and works. Two army officers were shot dead outside their homes and a naval officer kidnapped over the past fortnight.

President Garcia himself is probably among the most un-happy about the need to place the city under emergency con-trol by the armed forces. One of his first actions in Government was to name a peace committee to look into the possi-bility of dialogue with and pos-sible amnesty for radical of the Armed Forces; and

Peru's External Debt

Government six years ago. The peace committee was recently

The pressures on the Governsome recent attacks came from "reactionary groups" uncon-nected with Sendero. He did not identify them, but his Government has created several enemies in the past six months. Actions which will have ispired opposition have included rooting out some of the big cocaine producers in the Peruvian jungle; dismissing the military head of the emergency

Sendero Luminoso (Shining forcing the retirement of more Path) subversives, who began than 1,000 high-ranking police their armed struggle against the officers in a drustic reorganisation of divided police forces.

The rescinding of oil contracts with Belco Petroleum of

New York (the HNG InterNorth ment are complex and the subsidiary) and Occidental President, who described the Petroleum last August before recent violence as "profesthe collapse in oil prices has sional" apparently believes that also caused headaches. Petroperu, the state oil com-pany, has set up a new sub-sidiary, Petromar, to run offshore operations, but it

offshore operations, but it cannot afford both to continue operations and to pay off Belco. Final new contracts are still being negotiated with dental while the heads of agree-ment signed at the end of December are criticised by all parties including sectors of the Government. Petroperu was payment of its det originally to sign a new deal to be seen whethe with Occidental by the end of will be successful.

this month but dates are now uncertain.

The fall in oil prices has already knocked \$200m off this year's export earnings forecast, thus shrinking even further the 10 per cent of export earnings Peru is offering as payment to its creditors. Peru's total debt is about \$14hn and exports last year totalled just under \$3hn.

Meanwhile despite the deadline of April 14 for an overdue repayment of \$75m to the International Monetary Fund, the Government is spending as much as \$500m on reflationary measures to try to push up economic growth from last year's 1.9 per cent to 5 or 6 per

Apart from increasing wages ad reducing taxes and utility and fuel prices to industrialists, miners and farmers, the Government has set up a \$220m fund to promote agricultural produc-tion and a \$13m fund to repair

and equip the fishing first.

The central bank is also setting up a rescue fund to refinance ailing companies in the state and private sector. President Garcia maintains the measures are vital to hold the country together.

Meanwhile President Garcia is hardening his approach; threatening to increase repression against subversion and warping Peru to expect econo-mic reprisals in reply to the payment of its debt. It remains

US baseball players pitch for riches

THE disinflationary environment which is causing such excitement on Wall Street at present has not extended just yet to the world of baseball.

Baseball stars are among the.

best-paid sportsmen in the US, earning not much less than basketball players, and more on average than footballers and the ladiators of the ice hockey Judging by some of the in-creases achieved in this year's alary negotiations, baseball is

easily managing to keep up among the leaders. The most extraordinary award has probably gone to Dwight Gooden, a brilliant young black pitcher from the New York Mets, who, at 21, has signed a contract which guarantees him \$1.32m (1942,000) in 1986. More than 40 stars are in the \$1m a year league. Terry Dodsworth reports

Gooden is an exceptional player, with a devastating fast ball, great control and variety.
In his first two-seasons he has nashed virtually every record in the books for a pitcher of his

Last year, as a still unproven player, his salary was only \$265,000, so his new contract the first \$1m deal for a player under 22—represents a 430 per cent increase.

Advertising and special pro- passed the \$2m a year mark. motions are expected to bring his annual earnings to between S2m and S3m. Even after his astronomic in-

crease. Gooden will not be the highest-paid pitcher. Fernando Valenzuela, a 25-year-old lefthander who plays for the Los Angeles Dodgers and last year earned \$1.2m, has just signed a drea mcontract worth \$5.5m over three years. Although his record in 1985

was not as sparkling as Gooden's, he is immensely popular with the large Southern

the Mets, both hitters, made over \$2m, and only Foster will be receiving this much again in the 1986 season. On the other hand, it is quite commonplace to sport a \$1m-ayear salary these days.

Valenzuela will be joining an

exclusive set of stars when he

moves into the \$2m a year bracket. Last year, only two

bracket. Last year, only two players, Mike Schmidt of Phila-delphia and George Foster of

While average earnings last year amounted to around \$371,000 in the major baseball california Mexican community. leagues, there were more than ensuring a packed stadium 40 players making more than whenever he plays.

In 1988, he will receive \$2m, year's negotiations, the numthe first time a pitcher has ever ber may well be up to 50.

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ent than ever, and even simpler to maintain.

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Or we can help you develop a whole new manufacturing process, with the assurance of plentiful supplies of gas long into the future.

Even a major investment in gas can pay for itself in no time at all with the day to day savings in running costs it will make.

And your competitors could end up paying too, by losing market share to your better, less expensive product

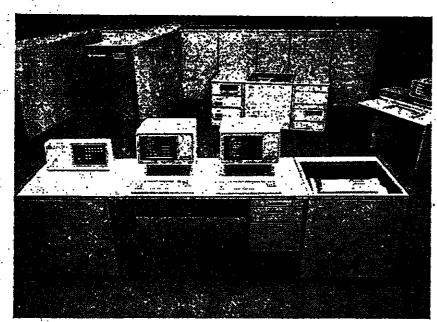
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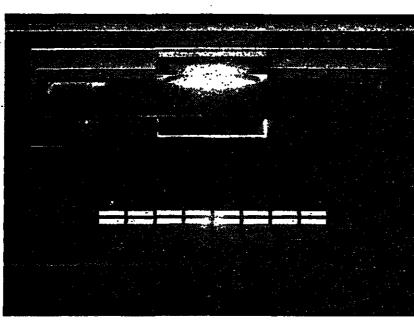
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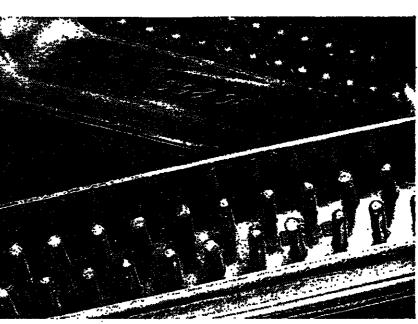
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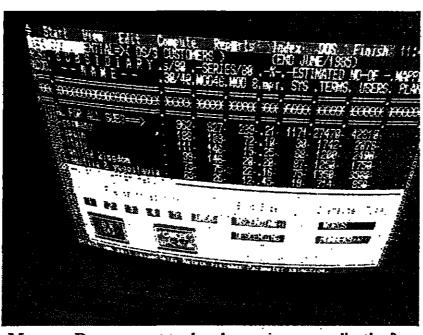
MICRO COMPUTERS. Our fastest growth – 58% last year – is in micro computers, from multi-user PCs up to supermicros more powerful than our smallest mainframes.



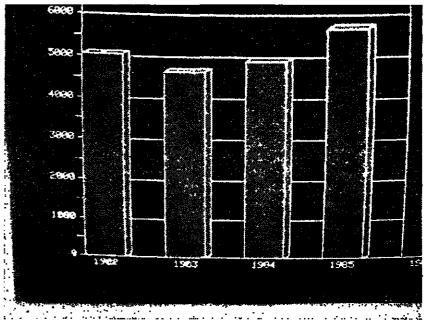
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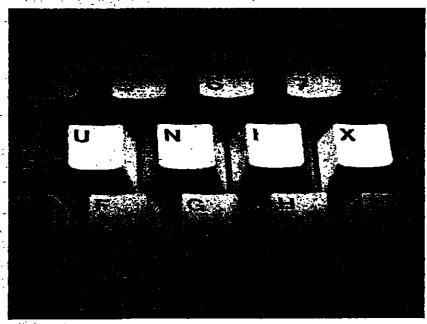
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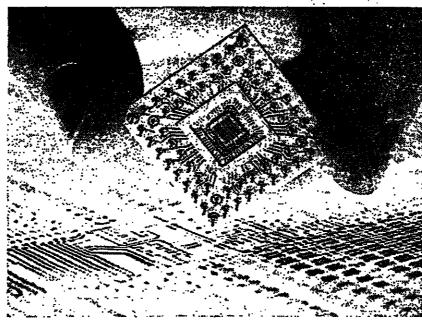
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Financial Strengths. Orders and shipments of Sperry computers are at a record high. Over the last three years, our revenues grew by 50% and profits tripled.



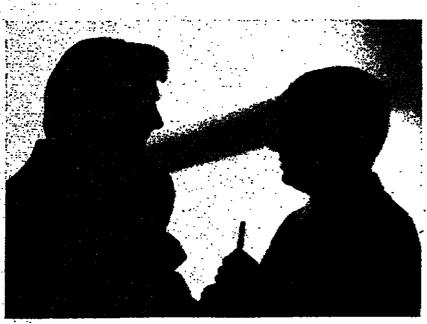
INDUSTRY STANDARDS. A standard operating system like UNIX test machines from competing suppliers work together. Sperry computers, from PC to mainframe, run UNIX



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4-SPERRY

Textile producers worry about absent guest

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

WHEN Mr Charles Carlisle had with the reasons given for Mr to stay in Washington instead of visiting Geneva recently, deof visiting Geneva recently, delegates from 50 countries felt had failed to put together a as though they had been invited to a dinner from which the chief guest was inexplically sador stayed at home in order absent.

Ambassador Carlisle is chief textiles negotiator for the US and he was expected in the Swiss home of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the Agreement of the Swiss home of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the Swiss home of the Swiss home of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the Swiss home of the Swiss home of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the Swiss home of the Swiss home of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the Swiss home of the Swiss home of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the Swiss home of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the Swiss home of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the General Agreement on Tariffs and Trade (Gatt) for informal discussions on the future of the General Agreement on Tariffs and Trade (Gatt) for information of the General Agreement on Tariffs and Trade (Gatt) for information of the General Agreement on Tariffs and Trade (Gatt) for information of the General Agreement on Tariffs and Trade (Gatt) for information of the General Agreement on Tariffs and Trade (Gatt) for information of the General Agreement on Tariffs and Trade (Gatt) for information of the General Agreement on Tariffs and Trade (Gatt) for information of the Gatt (Ga Arrangement (MFA) which runs out this July.

In the talks about the future of the MFA, which governs a large part of world trade in textiles and clothing, the position of the US is vital. It is the world's largest single market and one to which many low-cost suppliers, such as South Korga suppliers, such as South Korea. the Philippines, Bangladesh and Brazil, want to send more of their goods.

Despite protestations of a liberal approach to trading matters by President Ronald Reagan at various meetings of world leaders. America is also becoming increasingly protec-

The less-developed countries (LDCs) were not impressed

Carlisle's absence from Geneva.

bigger producers such as Hong Kong, South Korea and Taiwan to limit their exports to the US. He has also asked them to renegotiate agreements already made—in other words, to reduce export limits agreed two or three years ago.

When the US took such action earlier this year against countries such as Brazil, Bangla-desh and Nepal, there were fears throughout the whole of the low-cost producing coun-tries. Now that the US has called Hong Kong to trade talks in Washington next month, those fears have turned into



sing a liberal approach

cheap imports. It was admitted to be a derogation from Gatt

rules.
The MFA was renewed in serious concern.

The MFA was introduced in 1974 in an attempt to allow Western industry time to reorganise in the face of a glut of 1982 but instead of progressively allowing increasing amounts of imports into their markets, Western countries used the arrangement to 1984 after lations in line with the rest of the Community.

The MFA was introduced in progressively allowing increasing amounts of imports into their markets, Western countries used the arrangement to 1984 after lations in line with the rest of the Community.

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The MFA was introduced in progressively allowing increasing amounts of imports into 1985 and 1982 but instead of July and that it should be more flexible.

cut back growth levels.
In the past year there has been intense pressure for the MFA to be ended or, at the very least, liberalised Mr Bob Murphy, the US textiles official resident in Geneva, admits that his coun-

try is seeking to strangle the surge of imports from the LDCs. "The average rates of growth of imports over the four years of MFA 3 (1982-85) was 14 per cent for those products the MFA covers. This is too high." It is clear the US is looking for a rate of growth nearer last year's 6-7 per cent but strong

political pressure exerted on the Administration has pre-vented the drawing up of a mandate outlining its position. This is embarrassing the European Commission, which negotiates on behalf of all 12 been forced to play the role of pacemaker, which it has not attempted before. The Commission believes the MFA should be renewed into MFA 4 after July and that it should be more

"at least" four more years (the US is hinting at one last-ing "some four, five or six years") and then for the arrangement to be subsumed into the general Gatt round of

Such a policy might have been acceptable had the Commission got agreement on it before the end of last year. But a rear-guard action by European in-dustry, which is not in favour of undue liberalisation, prevented the completion of the man-date and the accession of Spain and Portugal has since made life extermely difficult for the Com-

Portugal, in particular, is proving to be very awkward. It is arguing that, as a major European producer (and a low-cost one, too), it should be allowed to benefit first from any allowed to be the sale towards. relaxation in the rules towards the LDCs.

Under the treaty of accession, Portugal, like Spain, has been given four years in which to bring its own rules and regu-lations in line with the rest of

Barter takes 8-10% of world trade

By Christian Tyler, Trade Editor, in London BETWEEN 8 and 10 per cent of world trade is being conducted in one form of barter or another,

according to an American study published today. The authors do not claim precision for their estimate. But they argue that figures quoted by the Organisation for Economic Co-opera-tion and Development (OECD) of 4.8 per cent and by the General Agreement on Tariffs and Trade (Gatt) of up to 8 per cent, do not take account of the spread of countertrade in both developed and de veloping countries, or its increasing

use in sales of armaments. About half of all arms sales probably now involve some commitment to take goods, such as oil, in part

Barter trade is frowned on by most governments in the industrialised world and has created misgiv ings even among those develop countries that have resorted to it. Its growth has alarmed economists who see it as a threat to the open multilateral system created by Gatt Countertrade in the world econ-

omy. Group of Thirty, 725, Park Avenue, New York, NY10921.

French banks in FFr 400m Airbus loan deal

BY DAVID MARSH IN PARIS

A GROUP of French banks is putting together a loan package to help finance development of the narrow-body A-320 Airbus sirliner, in line with the French Government's wish to ease the budgetary cost of Airbus financing in coming years.

The loan, being arranged by a consortium led by the state-owned Paribas investment bank, is relatively small at around FFr 400m (£33m).

It could, however, represent the start of increased efforts by the Airbus Industrie consortium to turn to commercial sources of funds for future programmes, crucially the A-330 and A-340 projects to which the con-

sortium's supervisory board gave the green light last month. The banking group will be lending the funds at an undis-closed interest rate to Aérospatiale, the French aerospace group which is the French shareholder in the four-nation Airbus Industrie consortium.

The loan will be repaid by a levy of 2 per cent of the sales price of A-320s—currently about \$30m (£21m) each—to be paid on the first 130 aircraft delivered by Airbus Industries

The loan, of about FFr 400m—the exact figure will depend

The loan, of about 17 1 which exact figure will depend on the actual sales price of the A.320s—will help bridge a key period for Aérospatiale in which revelopment costs for the A.320 would normally be met above all from government funds.

Aérospatiale said yesterday the Government had asked the banks to put up alternative bridging finance to take some Airbus funding out of the budget for 1985-86.

The loan does not carry a government guarantee. Airbus Industrie, in which Acrospatiale and the Messerschmitt Boelkow Blohm subsidiary. Deutsche Airbus, each own 37.9 per cent, will be looking for a total \$2.50m in financing for the A.330 short to medium range airliner and the long range A.340.

A-340.
R. C. Murthy reports from R. C. Murthy reports from Bombay: India has secured the finest-ever terms for a commercial loan for Air India, the national carrier. Barclays Bank is offering to lead-manage a syndicated Euro-dollar loan for \$173m (£123m) at a margin of one-fortieth of 1 per cent over London inter-bank offered rate. The loan is to help buy six Airbus many have provided export from 1988 onwards.

This limits the risk considerably to the banks since the A-320 already has more than 250 firm and optional orders.

The total is to help to the bunk is to help to the bunk many have provided export many have provided export credits totalling \$220m.

EEC-Efta deal agreed

BY OUENTIN PEEL IN BRUSSELS NEGOTIATORS for the European Free Trade Association,
have agreed on terms for a new
trade deal incorporating Spain
and Portugal into their existing
Spitzbergen, the other outstanding graction, here simply here free trade zone.

Final details of how to cope with Portuguese textile exports and the Spanish fishing fleet in Norwegian waters were re-solved at the week-end, in time for the new arrangements to come into force from March 1.

worried about Portuguese tex-tiles—Austria, Finland, Norway and Sweden—have agreed that any consultation about limiting sales should be carried out in the six-monthly co-operation lowered over a period of up to

Spitzbergen, the other outstanding question, has simply been left out of the new agreement. Proposed concessions for the Norwegian fishing industry have accordingly been cut back by some 25 per cent.

The new agreement means

for the new arrangements to come into force from March 1.

The four Efta countries from the same concessions worried about Portuguese textiles—Austria, Finland, Norway and Sweden—have agreed that

council meetings.

Portugal had resisted any suggestion that a special consultation procedure should be seven years, as for the Ten, while Efta duties on Spanish exports will also be gradually phased out.

Norway contractors win NKr 2.5bn platform order

BY OUR OSLO CORRESPONDENT

A NKr 2.5bn (£217m) contract build the concrete structure had water facilities where such or the Gullfaks C oil platform structures could be built." to build the concrete structure for the Gullfaks C oil platform

for the Gullfaks C oil platform has been awarded by Statoil, Norway's state oil company, to Norwegian Contractors, a partnership of the country's three largest civil contractors.

Statoil said this was the largest single contract obtained by Norwegian industry and by far the biggest and heaviest structure in the North Sea. It will be the last of three platforms built for the Gullfaks field.

The A platform is to come on stream in 1987, the B platform in 1988, and the C platform in 1980. Statoil, the operator, has an 85 per cent the summer of 1989.

The deck contract, expected to be worth about NKr 1bm

The deck contract, expected to be worth about NKr 1bn, will be awarded to one of three competing Norwegian yards, according to Statoil. It stressed

that foreign yards will be invited to compete for several deck module contracts.

There was no international competition for the concrete structure. Statoil said that a concrete structure was pre-

with 6 per cent, both Norwegian companies.

The concrete structure of C platform will be 262 metres tall, including a 22-metre "skirt" underneath which is to be sunk into the soft sea bed. From the sea bed to the top of the drilling derrick Gulfaks C will measure 340 metres.

Work on the Guilfaks C plat-form started in 1985, and ferred to steel for economic several engineering contracts, reasons and added that "no have already been awarded.

UK groups form joint pump venture in Brazil BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LUCAS CAV and Concentric Partners expect the contract to be worth £5m a year by 1990.

The pumps are fitted to the formed a joint company in Brazil to market a new lubricating oil pump developed by Concentric for engines fitted to Ford's Brazilian-built Cargo Ram trucks which incorporate brucks.

The joint company will supply Ford of Brazii with pumps from the Lucas CAV factory in Sao Paulo from July this year. The

technology from Ford com-

Concentric will be supplying pumps from the UK until the Brazilian-produced versions are available.

Taiwan revises Toyota plan

BY ROBERT KING IN TAIPE! TAIWAN has come up with revisions to a plan for a proposed Toyota plant to make compact cars. The new plan will require only minimal

A disagreement with the Taiwan Government over export requirements two years ago caused Toyota to pull out of a joint venture with local manufacturers to produce as many as 300,000 small cars.

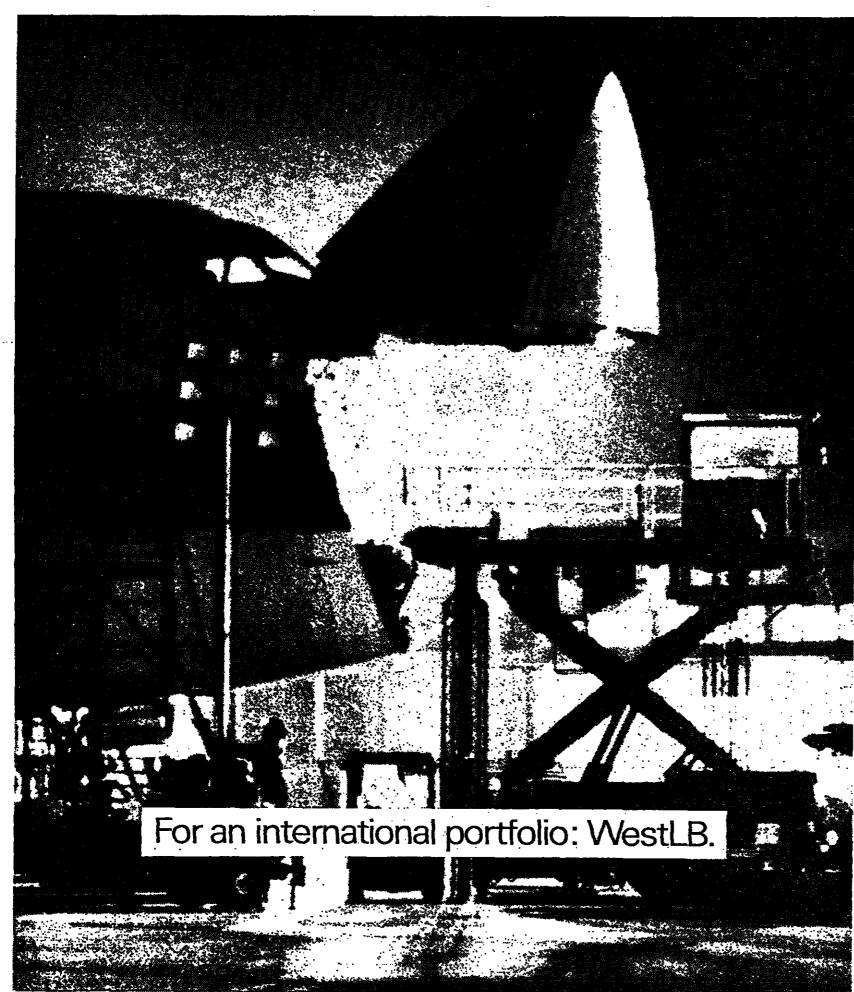
The proposed new venture, however, is on a much smaller scale than the previous one. Under the new plan, the Toyota joint venture with Kuc Zui Motors will produce only 40,000 cars in 1991 with export rate set at 12.5 per cent.

During the first two years of production no exports will be required.

required.

Toyota is expected to reply to the Government's revised proposals this week.

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FINANCIAL TIMES SURVEY

Tuesday February 25 1986

This oil-rich state survived a stormy birth 25 years ago but anniversary celebrations are clouded by new political and economic problems

Diversion from despondency

By Richard Johns

CELEBRATIONS to mark the 25th anniversary today of Kuwait's independence started nearly 31 weeks ago. Even before the official inauguration ceremony, the number of national flags probably exceeded the local population.

The blaze of coloured lights will have significantly increased the subsidy paid by the state, which covers more than 90 per cent of electricity consumed by the privileged citizenry—and the foreign population which outpumbers it by almost a

The Government decided to mark the occasion in the most prolonged, spectacular way as a morale booster and a divera morale possier and a diver-sion from the despondency that has increasingly pervaded the state over the past five years.

Misfortunes

7.1

47 111

The Iraqi-Iranian conflict on the state's borders is into its sixth year. The crash of the souk at Manakh, or unofficial stock market, and the un-resolved problem of the tangled legacy of debt are still paralysing business activity 31 years after the bubble burst. Terrorist bombs, and the threat terrorist bombs. Terrorist bombs, and the threat to which it has contributed a to internal stability from mili-battalion. tant Shia forces inspired by Iran have given the Government no choice but to throw a claustrophobic mantle of security over the state.

As if this catalogue of mis-

fortunes was not enough, the price of oil—source of 90 per cent of the state's revenue—has

It is a perverse coincidence that a cloud should have been blown over the festivities by an tollah Khomelni's revolution seven years ago, which has brought the conflict closer to

Kuwait's borders than ever.
The rumble of gunfire could The rumble of gumfire could be heard in Kuwaiti metropolis, 25 miles away, as Iraqi forces sought to contain Iranian invaders. Initially, at least, there is no overt sign of apprehension among officials or the population at large. That may have had something to do with a tendency to believe the Iraqi version of events carried by the local media.

Attacks on shipping bound for Kuwait have proved an aggrava-tion which Kuwait has learnt to live with. But the latest Iranian penetration of Iraq's defences will have removed any complacency about the inviolability of Kuwait's borders. It will also give added urgency to its sup-port for diplomatic efforts to end the conflict, even if they seem as futile as ever, and will stimulate greater co-ordination with the conservative fellow member states belonging to the Gulf Co-operation Council.
In the early days of the GCC,

Kuwait was the most reluctant of the six to entertain the concept of military collaboration. Now, as the GCC front-line state, it is as enthusiastic as any, not least about the Peninsula Shield rapid deployment force

It remains strongly committed to exclusion of the super-powers from the Gulf and a balanced relationship with both political worlds. Thus, Kuwait approved the decision of the Oman and the United Arab Emirates to establish diplomatic relations with the Soviet Union.

Yemen's rapprochement with Saudi Arabia and Oman under the leadership of the ousted Ali



Memories of the difficult birth of a nation a quarter century ago for Sheikh Jaber al Ahmed, today's leader

Yemen with concern, however. With the Gulf conflict con-Hussein's regime maintaining its grip on Iraq, internat stability and security has been a greater preoccupation over the past year than any potential dieset willtage threat the direct military threat since the bombing of the US and French embassies, and Kuwaiti installa-

tions at the end of 1983. Having sentenced 17 Shias, including some of its own long-term residents, the Government has shown resolution in the face Having encouraged South

vatched developments in South society and liberal state in the post-dated cheques with a face some big debtors who could remen with concern, however. Gulf and has not deserved to value of 27m Kuwaiti dinars cover their debts are biding With the Gulf condict con- be the target of such random (the equivalent of about their time, ained and President Saddam violence. It would be sur-\$90bn), was bound to be a That is hardly fair, and can laborious process. prising if heightened security and surveillance had not initially created some tensions between the majority of the Sunni sect and the Shia minority, few members of which responded have would

favourably Khomeini's Ayatollah revolutionary fervour. The attempt on the ruler's life tended to consolidate support for the regime, and suspicions between the two communities has eased.

Liabilities of those who lost out in the biggest speculative bonanza the world has seen, amounted to some KD 7m. The difficulties in disentangling the threads were enormous Never-theless, the Ruling Family must regret that a solution was not found before collateral in the form of real estate and shares on the official stock market had lost much of their value.

has shown resolution in the face of terrorist acts related to the sentences, and inspired by Tehran. The attempt on the life of Sheikh Jaber al Ahmed, the Emir, and bomb explosions at the two seaside cafes last summer have induced a sense of siege.

This is the most cohesive suspicions between the Two lost much of their value.

The gambling spree might the sale had not baled out the political repercussions of the losers in 1977 following an earlier, though relatively to recover from the crisis.

The most controversial aspect of the affair has been the involvement of members of the involvement o

That is hardly fair, and can only cause resentment among those who did settle their obligations, the 200 or so operators who have been forced into liquidation, and citizens who did not play the game. The state has paid about KD 2.5bn—almost the equivalent of one year's public expenditure. The eventual cost could be KD 4bn to 4.5bn, apart from any low interest deposits which might be required to support the banking system. This is saddled with a large proportion of non-performing loans and could need a decade or more

CONTENTS

Stock Market Banking The Press Parliament Trading Houses Page 3 Oil and Gas Profile: Kuwait Petroleum Corp Page 3 The Economy

National Assembly enforced the resignation of Sheikh Salman al Duaij al Sabah, the Minister of Justice, who denied using his office for personal gain but admitted that his 12year-old son had received about KD 1.5m from the fund established to bail out "small in-

Late last year it was revealed Late last year it was revealed that Sheikh Khalifa Abdullah al Khalifa, a young nephew of the ruler, had received KD 278m of the KD 744m extended in loans by predominantly state-owned financial institutions to indebted investors. Substantial collateral was pro-Substantial collateral was provided by senior members of the ruling family — ultimately perhaps the Emir himself. The Government defended the loans on the grounds that failure to assist the big speculators would bankrupt other Kuwaitis.

bankrupt other Kuwaitis.

The National Assembly elected last February has verged on confrontation in its attitude not only towards the Government but also towards the ruling family, which holds the key posts in the cabinet. That was evident in the hounding last year of Chalibh Ali ing last year of Sheikh Ali Khalifa al Sabah, the Minister of Oil and Industry, over the activities of Kuwait Petroleum Corporation's US affiliates.

The friction last summer and attacks on Sheikh Salman deeply disturbed Sheikh Saad al Abdullah al Sabah, the Crown Prince and Premier. His long absense abroad and failure to appear before the assembly since the end of the summer

recess may not be wholly because of ill-health.

Since the detailed account of loans given to debtors was provided by Sheikh Ali (who had the figures portfolio until a the finance portfolio until a year ago) militants in the assembly have quietened. There is concern that too much provocation could lead to the dissolution of parliament by the Emir who, as Crown Prince, was responsible for its suspen-sion in 1976. That is unlikely, but many Kuwaitis believe that the unwritten covenant dating back to the original settlement in Kuwalt of families from the Arabian heartland whereby the Al Sabahs govern and leave business activities to others has

deputies representing poorer tribal elements poorer tribal elements—the most loyal supporters of the ruling family—should have opposed proposals for reducing the massive subsidy for electricity because of the large

sums spent on saving feckless speculators.

The assembly as a whole has been resentful that the state's general reserves have been used years, capital as well as the in-terest from the state general reserve has been drawn upon to finance budget deficits. At the end of June it was put at KD 11.43bn, a reassuring figure but one which disguises that it is the total of the original face value of assets and is made up partly of assets yielding negligible income, including the state's shareholding in local companies and loans to Arab governments, not the least subventions made to Iraq.

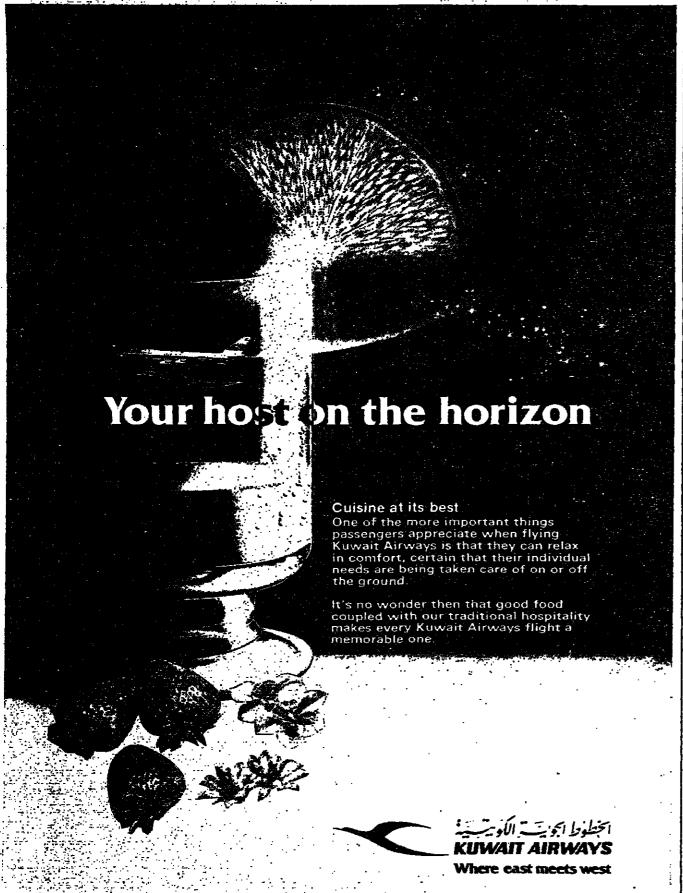
Its worth has been further reduced by inclusion of loans and share purchases made in the Souk al Manakh bale-out. Many suspect that better assets in the Reserve Fund for future Generations (assessed as being worth KD 11.8bn in mid-June and untouchable by law until the next century), are being transferred to provide dollars needed to finance state spend-

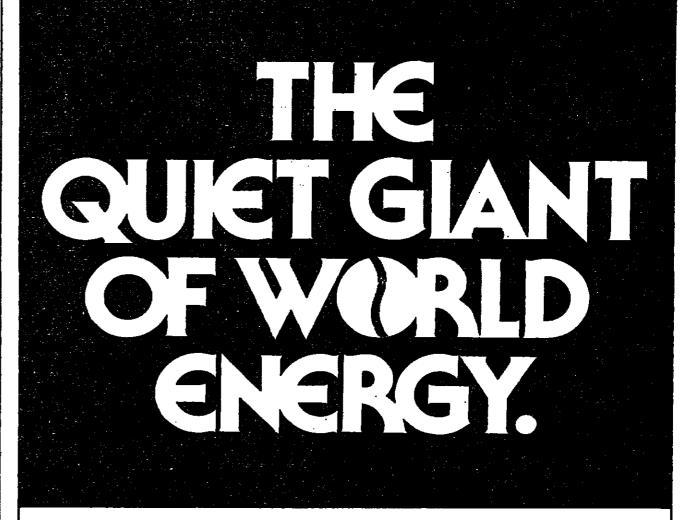
Kuwait is in a better financial position to endure several years of depressed oil prices than any other member of Opec but its financial cushion, if the RFFG is to be kept sacrosanct, is far thinner than assumed.

In response to the collapse of oil prices, departments have been ordered to cut spending by 15 per cent. In practice, a \$20 a barrel price would mean a 28 per cent reduction in revenue according to bankers. A redeeming feature is that austerity should help fulfil the basic objective of the 1986-90 five-year plan—the reduction of dependence on expatriate workers, with the longer-term aim of bringing an even balance between Kuwaitis

and foreigners in the state.

Meanwhile, the projected annual growth rate, of 4.6 per cent, can only be seen as an expression of hope.





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Optimism tied down with preconditions

Stock Market KATHY EVANS

THERE COULD be a rising market in Kuwait this year—if a lot of preconditions are met.
"If the bank results are better than expected, if parliament's recommendations on the Manakh debts are accepted and people receive compensation on their shares and if the oil price problem does not cause too many spending cuts, I would forecast a rather bullish market in 1986," says one of Kuwait's

But just in case, he—like almost everyone else in Kuwait —is concentrating on building up his international activities. over backwards to emphasise to visitors their declining reliance on the local market.

Four years after the mountain of post-dated cheques totalling \$94bn was discovered following a price crash in the stock markets. Kuwait's financial scene is still picking itself off the floor, and trying to think positively about the future. Last year prices on the official market fell by 45 per cent, wiping \$7.5bn from stock market values. The question everyone is asking is whether the bottom has finally been reached.

For the Government, the political problems which have ensued are equally alarming. It has already lost three cabinet ministers over the issue of the Manakh, and now the scandal has reached the upper limits of the ruling Sabah family. Public money may also still be needed to be spent to bail people out, for the crisis has touched so many. (Some 30.000 families held share in Kuwaiti closed

companies, for example.)
The need for a bail-out seems such efforts in the face of a shares are the blue chip stocks, parliament which awkwardly and the recent increase in their wants to know everything, is share prices markely to herald more problems. market upwards. Moreover, these rescues are The problem is that the required at a time when the market knows how flexible the

per cent cut in revenues because of the oil price crash. Kuwait's democracy has both refined and delayed many of the solutions put forward. Without parliament, there would not have been the national cohesion to agree on all the formulae, most of which seem unequal and unfair to those who paid

their debts When solutions do emerge, the situation of many companies and individuals has worsened in

the meantime.

Perhaps the most controversial aspect of the problem which the Government faced was that leading marketinakers.

And he can add a lot more loans were handed out to about 200-odd people totalling some "lifs" and qualifications to this positive view of the stock drawals from the country's eneral reserve. Some 17 borgeneral reserve. Some 17 por-rowers accounted for 80 per cent, or KD 597m, with the largest borrower being Sheikh Khalifa Abdullah al Khalifa al Most people in the financial Sabah with KD 278m — more sector this year are leaning than the national debt of

> These loans were designed to prop up people who had assets but no liquidity. The young sheikh was the focus of a massive family rescue scheme, with parcels of land pledged as collateral and other personal guarantees from such people as the Sheikh Sabah al Ahmed, the Foreign Minister. Figures provided by the Finance Mini-ster, Mr Jassim Khorafi, show that of the original KD 597m extended to the large dealers, current collateral values stood at only KD 256m.

Government came in for The Government came in for a lot of criticism over this issue, but senior finance officials say that at the time there was no alternative. "By paying Khalifa's creditors KD 300m, we solved KD 4bn of debt," one official says.

There are schemes to deal with the various kinds of companies—the closed company shares, the Gulf companies, and then the official market. The first priority, though is protecting the banks. Good results are vital for the future obvious politically, but financing of the official market, as bank



The Jahra Gate to Kuwait City and the Ministry of Finance building

a process than Kuwait realises.

The intention is that the holding company will buy the

companies at their real worth.

way, the country's official stock

way, the country's official stock market will be undergoing a transformation. Three companies are already being liquidated, and a lot more are on the cards. It is too early to say which ones can be "repaired" and which will not exercise this clean up but one

survive this clean up, but one consultant believed that this

time next year, the Kuwait stock market would have lost 30 per cent of its listed com-

panies, currently numbering 47.

Others argue that the clean up cannot be that deep, for official market shares consti-

tute 50 to 60 per cent of bank collateral. Liquidating a com-

prospect that no-one wants to

One leading analyst Mr Jassim Saddoum says: "Unless we have the clean out, people

will continue to think that all

One scheme which is under

discussion to overcome this dilemma is for the Government

to buy some of the shares of

in difficulties. However, the Chamber of Commerce opposes

all the schemes for bail-outs, on the grounds that such plans would lead to wholesale nation-

alisation of the economy. The Government owns more than 50 per cent of the official market shares already.

icial market companies

the companies are shaky."

While this process is under-

Central Bank is being on the rulers, may prove more prickly question of loan loss provisions. Therefore no matter how good the results are, they may not be

If shareholders of closed and Gulf companies receive sufficient ball-outs, then the injection of funds will translate into an improvement in the official mar-ket. Parliament is haggling over the levels at which shares will be valued — whether at par value or net worth. The first will cost nearly KD 200m, the other KD 750m. The Assembly is in favour of a compromise on the expensive side.

The problem is that only a few of these closed companies are viable, let alone profitable. A report by Al Shall Economic Consultants revealed that of 63 closed and Gulf shareholding companies, five lost more than 100 per cent of their capital, 12 lost more than 75 per cent, 20 more than 50 to 75 per cent, and only six made a profit.
Shareholders of companies clearly bankrupt will get

Compensation schemes for Gulf shares carry far more complications, for none of the com-The plan is to form a Kuwaiti holding company, then decide which to liquidate. The process of liquidation may prove difficult, for all operate under other emirates' jurisdiction.

There is also talk of the need for mergers among these 45 companies. However, securing agreement for mergers between two UAE ventures for example, registered under different

Fraught talks on loan-loss provisions dragging on in. But the impression is that the result will have been achieved by manipulation. loan officers. Even so, no matter how many credit analysts the banks employ, there still has to Banking KATHY EVANS

IT IS the results season in Kuwait, and for the fourth year running the period is marked by fraught negotiations between the Government, the Central Bank and the financial sector. In years past, the Kuwait banks were the first in the Gulf to announce their year-end figures, but this time round, the out-come is expected to take several more weeks.

There are several issues under negotiation. The first is provisions for loans which have provisions for loans which have turned sour as a result of the stock exchange crisis in 1982. Total bank credit to the private sector is just over KD 5bn (£2,000bn), and non-performing loans are estimated variously between KD 1.3bn and KD 2 bn. In the past, government officials such as finance minister Jassim Khorafi have put the figure much higher. Apart from those loans on which interest is not being paid, there are some which are backed by shares and real estate where values have dropped by nearly half in the last year.

On the first category of loans, the Central Bank has asked the banks to make 100 per cent provision for those borrowings which have not been serviced for more than one year. Loans past due 180 days and more must carry a 45 per cent pro-vision. On top of that, there is a general provision on loans over KD 20,000 of 5 per cent. The capital and reserves of the commercial banking system are KD 813m, Hidden reserves,

built up over the years, are believed to amount to KD 500m, bringing the figure to a total of KD 1.3bn. However, more than half the hidden reserves are believed to be held by the National Bank of Kuwait. National Bank of Kuwait.

As the longest established bank in the country (it opened its doors in 1953), it has had time not only to build up its reserves but also win the cream of Kuwait's banking customers for itself. This would leave just KD 250m for the other five banks in inner reserves. Finance Minister Khorafi has already said that

the banks will need KD 500m in government support.
Given the mathematics of the situation, the Central Bank has opted to take a flexible attitude towards the banks over losa loss provisions. Banks will there-fore, it is believed, he allowed to write off their provisions over a three-year period. Only after using up their inner reserves will they qualify for government support.

secure from bank executives the decline in overall prices, and that the banks simply do the support to the bank ont have sufficient people to have sufficient people to have sufficient people to determine the exact financial sector over the last year, and comes too late to have affected the 1985 balance sheets.

Some banks are responding to the results come out.

Secure from bank executives the decline in overall prices.

The fall in prices has to be haited if bank collateral is to preserve its value.

Most of the banks emphasise this year that they are attempting to get out of the local morass and expand overseas.

However, going international the rechlam of the problem of the problem.

There is, however, no concern over the future of any bank, for the commitment to support the banks has been given by the highest levels of government.

The most frequently talked of scheme is for the KD 500m to enter the banking system in the form of soft term deposits, say at a rate of 4 to 6 per cent a year interest. Most bankers point out that this is not much below the market rate.
At present, there is around
KD 381m of government
deposits in the system at normal

rates, so the net gain will only be around KD 120m. After s long tussle with Parliament, it has been decided that approval of the National Assembly is not required, and that the deposits will be administered by the Central Bank.

However, Parliament, which tends to view bank board direc-tors as the "godfathers" of Kuwait, could insist on some element of government control over the banks which are recipients of government support.

Another scheme to assist the banks is for the non-performing loans to be off-loaded into a holding company and refinanced over say a 10-year period. This company, generally referred to as the Asset Management Com-pany, would be funded partially by the commercial banks and by the commercial banks and partially by the Government. In this way, the bank balance sheets would be "cleaned" overnight, allowing the banks to start off again on a more positive, forward thinking note.

forced to dump assets in the market, depressing prices This scheme would, however, require public money and, as such would have to be debated by Parliament. At present, the idea appears to have support in the Assembly. The banks are talking of a 25/15 per cent ratio, with the Government taking the larger share, but they could agree to settle on a 50/50

Moreover, the banks will not be

Given the recent indications of government intentions to cut unnecessary spending, this scheme could become a victim of the oil price crash. Bankers argue though that it is not only the money which is at issue, but the administrative capability which the company would offer. The entity would be staffed it is theorised, by bank officers skilled in work-out

Such skills are in short supply in Kuwait, though the need is paramount. Some borrowers are

Before the results come out, the problem NKB, for example, now is a much harder task than however, money will have gone has just taken on another 25 three years ago.

be a policy that those sidered irretrievable should be sent to court.

That decision has not yet been That decision has not yet been made by most boards. The Government is, in fact, pressuring the banks to take it easy on customers, and reschedule them at seven years, with a three-year grace period. Moreover, the Central Bank has requested banks that customers in default be left with a reasonable standard of living. dard of living.

Apart from the bad loans problem, there is also the issue of collateral, which in Kuwait consists largely of shares and land. Last year share prices dropped 45 per cent, and so few deals have been transacted for real estate, that no market level exists at present.

The Government coped with this problem by issuing a list of prices for both land and shares, and ordered all auditors to calculate their clients' balto calculate their clients nat-ance sheets according to the list. A number of lists were issued over the past few weeks, some so artificially high, that they were laughed out of the market by even the most hard pressed clients. The current list is some 30 per cent below the price levels first issued by the government, and on some of the land valuations, impossible The issue of land valuations

is important for all, but parti-cularly for the Kuwait Finance House, the country's Islamic banking institution. The bank is known to have some KD 438m in land investments. With a shareholders equity of KD 35m, such price levels become of vital importance for the institution. However, preliminary indications from senior officials there indicate that un-like last year, the bank will be able to offer dividends to depositors this year, thus warding off prospects of major with-drawals by customers. Share-holders may remain unre-warded though.

National Bank's cash dividend of 20 per cent and a 10 per cent bonus share angered the other commercial banks, which accused NBK of trying to separate itself from the rest of the sector. However, some the sector. However, some analysts fear that if the results of the other banks are not bright enough, then NBK could get larger, further sapping the strength of the other banks. The question of bank results

vital if the stock market is to have any hope of a perk in prices in 1986. Traditionally bank shares lead the way in the government support.

The extent and nature of secure from bank executives the decline in overall prices.



Courted by the powerful

FOR 30 years the press centre of the Middle East was Beirut. Its 84 newspapers and magazines, once courted by presidents, kings and entirs, are more preoccupied today with surviving censorship.

As Beirut slipped into civil war, Kuwait's economic for-tunes were on the rise, and with its democracy and tradi-tion in publishing it was well placed to partially fill the vacuum. But the Ruwaiti media is not totally free, and the Government is anxious that its media not prove vulnerable to pressures from other Arab governments and factions.

Based on an oil-rich economy and state subsidies, papers were able to buy the best printing machinery and appoint correspondents in all main capital cities. They are now the most courted in the Arab world.

When the new Government came to power in Aden, its first came to power in Aden, its first feelers to the media were to Al Watan newspaper in Kuwait. If Hosni Mubarak of Egypt has a message to import, he has frequently turned to such edi-tors as Mr Ahmed Jarallah, of the conservative Kuwaiti dally the conservative Kuwaiti daily al Siyassah. Even Amin Gemayel of Lebanon invited a planeload of Kuwaiti journalists when he came to power.

But Arab leaders frequently become enraged at Ruwalti press comment. Mr Yasser Arafat, the PLO chairman, hates Al Watan. The region's most famous cartoonist. Mr Nati Ali. office at Al Qabas. Many believe ome at Al Qabas. Many believe the paper came under pressure either from the PLO or from the Sandis, over his often-critical cartoons of the US peace

The Press

Some factions turn terrorism. Two years ago, al Rai al Aam, the oldest newspaper in the country, was bombed and last April, Mr Ahmed Jarallah of Al Siyassah, was shot.

Although courted abroad, the atmonga courted abroad, the domestic power of the Kuwaiti press is a "weapon which is never unsheathed" by its owners, mostly wealthy businessmen. No censorship is applied by the ministry of information, but chief editors and owners are frequently called in for "consultations" with Sheikh Nasser Mohammed al Sabah, the minister.

But the press is strong enough to remove a cabinet minister— and frequently does. Twice a week, the press carries a detailed record of the often detailed record of the often acriminious debates in parliament, and its columns are open to any Kuwaiti of merit, regardless of his views. This daily platform makes the press a powerful and vital dimension of the country's democracy. The Kuwaiti Emir never travels on an official right with retails. an official visit without a com-plement of editors on his air-craft, sometimes giving airborne briefings.

There are certain subjects which by unwritten agreement remain taboo, such as high ranking members of the rolling family. Close US ties are also rarely commented on, though policies in the Middle East come in for daily abuse. Saudi Arabia is the most touchy subject of all.

Occasionally, a columnist oversteps the rules, and ends up in court. Rarely do such cases produce imprisonment: a \$150 fine is more usual. The Government is however trying Government is however trying to tighten up laws to forbid critical comment of friendly nations. But the parliamentary committee studying the matter is headed by Sami Munnayes, who is not only a member of Parliament, but a senior editor of Al Talia, the most frequently prosecuted paper.

There are setablished.

frequently prosecuted paper.

There are challenges ahead for the press. The economy has been shattered and editors already report a 30 to 40 per cent decline in advertising. Some, such as Al Siyassah and Al Qabas, are attempting to make up the difference through international sales but have found that expansions into other Arab countries carry a cost in editorial freedom.

Some accept such costs, while others shrug off the pages torn from their editions in Gulf countries. But such moves countries. But such moves occur at a time of greater co-ordination on press matters in the Gulf and the yardstick of press freedom is very different than in Knwait.

Kathy Evans



PARTNERS IN PROGRESS

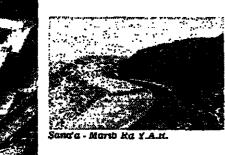
As Kuwait celebrates its 25th National Day, Kharafi is proud of the role it has played in Kharan is proud of the role it has mayer in Kuwait's development. From a strong Kuwait hase Kharafi has extended its activities throughout the Middle East and has participated in over 190 projects as Main Contractor, as well as Joint Venture Partner in numerous projects with major international contractors. Kharafi is currently executing several major contracts in the Middle East valued in excess of US\$ 500 million.



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The Old Stock Exchange, replaced last year by a new building Thorn in the Government's side

Parliament

RICHARD JOHNS

A MEMBER of a state oil delegation visiting Chica early last year was asked how many political parties there were in Kuwait. He said there were 50 —the number of deputies in the National Assembly.

National Assembly.

Technically he was right, Politically parties are not permitted in Knwait, a unique democratic system under which only first-class citizens are allowed to vote—those whose family can prove residence prior to 1920 plus bedou elements awarded the status in the 1960s. They must also be male and over 21. male and over 21 An electoral roll of only An electoral roll of only 57,000 at last February's general election meant that only 8 per cent of the indigenous population were entitled to

At the extremes of the political spectrum—which have tended to combine on some issues—the radical left and the fundamentalist right of the Sunni sect consolidated strong positions in the election. Four of the Democratic Alliance's six candidates were also returned, including the preference and returned. including the veteran pan-Arab nationalist Dr Ahmed Khatib and two other radicals sympa-thetic to the group.

Others elected included two members of the Social Reform Society, which is associated with the Moslem Brotherhood, and the maverick-fundamentalist Mr Abdullah Nasifi, who is closely associated with the SRS but has also allied with Arab nationalists.

The election saw a more coherent emergence of political groupings. This, and the outcome of the poll were not the best results for the Emir and the ruling family. The vigorous contest apparently free from interference involved 238 candidates and several campaign groups competing for 50 seats.

The voluble National Assembly has proved something of a thorn in the Government's amore purisit line of the Islamic than the more purisit line of the Islamic the ruling family. The vigorous is more devoted to the strict instrument that the Emir is instrument that the Emir is bardly likely to risk allenating the resignation of Shelkh will become more democratic as 30,000 or so Kowaitis granted nationality in 1965. The two Shia fundamentalist should become emotified to vote.

side. It was dissolved for that reason in 1978, and Parliament suspended for four years by Sheikh Kaber al Ahmed al Sabah, the Emir, who was then Crown Prince

At the extremes of the successful their seats to more secular members of the sert which—with 20 per cent of the indigenous population but only three seats—remains very much imrepresented.
Independents include tech-

nocrats and representatives of the bigger merchants, including Mr Jassim Khorafi, Minister of Mr Jassim Khorafi, Minister of Finance.
The largest block, and the one on which the Ruling Family can rely for support in the last resort, represent tribal elements from the outlying constituencies. The 25 constituencies have been drawn to ensure a majority.

But even this National Centre Group opposed government proposals to reduce subsidies on electricity.

majority.

Parliamentary truculence has severely tested the patience of the ruling family and Sheikh Saad at Abdullah at Sabah, the



Kathy Evans reports the struggles to recover from the twin problems of the stock exchange crash and falling oil prices

Astute hand needed to steer out of downward spiral

The Economy

IN THE next few years Kuwait's economy will have to undergo a total restructuring if it is to translate state wealth into broader based prosperity for its people. The twin effects of the stock exchange crash of four years ago and now the collapse of oil prices have provided a severe test to those responsible for managing the economy.

In the immediate inture, a careful and astute hand will be necessary if Kuwait is to pull out of this vicious downward

Not all is gloom and doom, however. Kuwait's economy has greater underlying strength than most of its neighbours. It lead the way in diversifying the sources of wealth for the state. Its foreign assets are conservatively estimated at \$750n and income from those investments accounts for one third of annual

In addition, Kuwait moved shrewdly to ensure that its vital snrewdly to ensure that its vital petroleum exports would receive a measure of protection from market fluctuations by purchasing distribution networks in Western Europe. Kuwait Petroleum Corporation is the only integrated oil company in the Arab World.

In the long form massive In the long term, massive hydrocarbon reserves ensure

the state's economic vitality. They are enough for more than 300 years at current output. But the immediate scenario is bleak. There are still many Kuwaitis whose wealth is the stuff of legends, and apart from the dozen or so families which make up the country's plutocracy, the oil boom of the 1970s enriched another layer of citi-

zens through the trading and contracting business. However, there are still many Kuwaitis whose sole sources of income are derived from a goveroment job and a small busiranks of the other privileged classes. The ambitions of this segment of the population, many of whom are bedu and constitute an important source of political support for the government, have to be met during the deepest recession the Kuwait economy has experi-

It is the stock market disaster of 1982 which is largely responsible for the decline in confidence in the domestic economy. (The effects of the oil price crash have yet to be felt in Kuwait.) There are a felt in Kuwait.) There are a line current uscal year, in come is going record number of foreclosures to be vital in financing Kuwait underway, in spite of generally through the oil crisis. How soft attitude by the banks much will be used up will do-About 300 Kuwaitis have been referred to the official receiver.

and complications touches hundreds of thousands of Kuwaiti and non-Kuwaiti families. Consumer spending is well down. The only compensation has been that deflation is running

at about 2 per cent.

At the heart of the crisis is the plummeting value of assets. Share prices fell by 45 per cent in 1985, and land by about 60 per cent. No one is quite sure about real estate prices because so few transactions have been done. These two constitutes been done. These two constitute the bulk of collateral support-

sector, the undoubted if shaken pillar of the economy, which is struggling to ascertain its true position. Most of Kuwait's private sector and semi-state companies also are puzzling over their state of solvency. Dilemma

The approach of year's end

The question being pondered now is whether the market has bottomed out. The official stock market is still fragile and a the start of a clean-up which could transform the number of companies quoted a year from

The need for a stimulus to the economy is vital if asset values are to reverse their downward trend. Kuwait is about to embark on the most severe spending cuts the country has seen, and the impact of those budgetary cut-backs on the private sector could prove devastating unless managed carefully.
Given the 33 per cent cut in

the market value of Kuwait's oil in the past few months, the obvious. Revenues from oil constitute well over 90 per cent of the budget. Traditionally, the Government chooses to drawing up the budget. How-ever, in the past three years, Kuwait's investment income has been relied on to finance the deficits, which have ranged from KD 650m to KD 704m in the current fiscal year.

pend on several factors.

The prime influence is the

Pioneers hope for end of nightmare

ing bank loans.
But it is not only the banking

has become an annual and increasing auditor's nightmare. Their dilemma is valuing the assets whilst verifying accounts as the "true and accurate" reflection of a company's financial position. The Government has characteristically attempted to solve the problem by issuing a list of prices for everything, from parcels of land in the suburbs to shares in companies that have not been traded for 12 months.

need to trim the budget is

More than 200 have not, because if they were referred, then hundreds more bankruptcies would result.

Only 6,000 people were involved in forward trading on the Manakh at the time of the for the drastic falls in price

Trading Houses

The Companies known collectively as the "Three Ks"—
Kuwait Foreign Trading Contracting and investment Company, the Kuwait Investment Company, and Kuwait International Investment—were once the pride of the country's financial system. Together they blazed the trail into the Western investment markets long before other Arab oil producers in the Since the crash in the Souk al Manakh market, the three Ks, like almost every other investment company in the state, have faced huge write-offs on their local shares and land portfolios, and losses resulted.

Right from the beginning of the crisis, two of them, KFTCIC and KIC, were intimately involved in the numerous solutions put forward by the Government to solve the problem, Both acted as agents in the Government to solve the problem, Both acted as agents in the Government to solve the problem Both acted as agents in the Government to solve the problem Both acted as agents in the Government to solve the problem Both acted as agents in the Government to solve the problem Both acted as agents in the Government to solve the groblem Both acted as agents in the Government to solve the groblem Both acted as agents in the Government to solve the groblem acted as agents in the Government to solve the groblem acted as agents in the Government to solve the groblem acted as agents in the solve the groblem acted the problem acted to the groblem acted the problem a

tions put forward by the Government to solve the problem. Both acted as agents in the Government's efforts to prop up the local share market.

Government ownership in KFTCIC went up to 96 per cent and in KIC up to 60 per cent. The stake in KIIC remained in the minority, though increased to 24 per cent.

Said one official.

Last year was the worst year ever for KIIC, and the share-holders' equity shown at year cent all the policy on local asset evaluations. A quarter of the company's assets are still in Kuwait.

At the beginning of last year, Kuwait Real Estate Investment

the minority, though increased to 24 per cent.

In 1984, the decline in asset values led the three Kg to record a total KD 80m in losses. This year, market opinion believes that the losses will continue, but perhaps not at such a high level.

Nevertheless, with a slump of 45 per cent in share values last year and similar declines seen in land prices, helty provisions will be required—just how much is being worked out now much is being worked out n At the beginning of last year, Kuwait Real Estate Investment

at about KD 19m, and the holdings of Gulf shares are only "minimal." Figures for 1984.
"minimal." Figures for 1984 In the next year or two, all show land holdings to be valued at 1879 estimates.

Mutari adds that because provisions taken in the last two balance sheets, the write-offs in future become smaller, and he hopes that with an upturn in such a move.

will emerge in the black for 1985.

In the next year or two, all the Ks are hoping for a fresh coral share market. There has been discussion about possible mergers between the companies, and while such talk has died down, most executives at the Ks appear to be much in favour of such a move.

which have already taken place. Future revenues depend

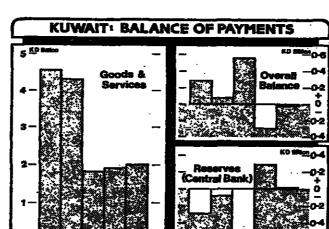
place. Future revenues depend largely on Opec's starategy in the next few months.

The second factor here is the extent of the budget cutbacks which the Government can secure from parliament. Also important is the large amount of money which needs to be spent on financing the solutions to the continuing Souk Manach

It has already cost the Gov-ernment about KD 2.5bn, which had to be diverted from the State General Reserve. IMF figures show that \$1.458bn was the following year, most of it for Manakh solutions rather than for the budget.

As the Reserve Fund for Future Generations is legally untouchable, the drawdown has occurred on the general re-serve, which has fallen from KD 12.39bn in 1982-93 to KD the good assets are held in the reserve fund and have to be ploughed back, so the Government has access theoretically to only 61 per cent of the invest-

some switching between assets with underspending by in the reserve fund to the ministries it was thought likely



general reserve.
Mr Jassim Khorafi, the
Finance Minister, says there is
still a lot of fat on the budget: too many "luxury" or unneces-sary projects, too much foreign ment income.

Last. year's investment growing government bureaurevenue from the general reserve was only KD 452m (\$1.50m), so the cushion for the
budget deficits and Manakh requirements is looking extremely lean. There could be
some switching between assets with underspending by

to end up at KD 351m. Those projections were made on a \$27 a barrel oil price for Kuwait, whereas current receipts are thought to be between \$18 and \$20. The deficit could be about Cutting next year's budget

will be harder. Capital transfer items, largely aid and defence equipment, are the most vulnerable to cuts but could be difficult given the proximity of cuts would be a quickening of fighting in the latest Iranian the exodus of foreigners.

ment budget, which last year accounted for only KD 694m out of a total budget of KD 3.4bn would damage the private sector at a time when it needs its greatest boost. Banks are hoping that the Government will implement the decision to divert contracts to the sion to divert contracts to the local rather than foreign sup-pliers and contractors to minise the impact of the cut in development spending.

The largest proportion of annual spending goes on cur-rent budget, now accounting for about 75 per cent. Freezing bonuses and staff levels is easy, but cutting subsidies or introducing nominal fees for public services is likely to prove un-acceptable to parliament when so many millions have been spent in bailing out stock exchange speculators.

This is where the careful hand of economic management is required, for the Govern-ment will have to cut drastically while at the same time massaging the private sector out of its gloom. Politically, also it will be a delicate process, and might prove difficult to digest politically. Senior bank executives, tend to agree that big cuts at this stage might prove politically impossible. One of the main effects of

fensive.

Already some 30,000 foreigners tive areas of investment is likely to continue for some Cuts into the meagre develop- have left in the last year going to require capital, and time.

because of of unemployment or until the Manakh situation security.

For rents and land values it assess how quickly activity will For rents and land values it could prove catastrophic, as already there are some 30,000 units empty in Kuwait city. Current construction will double supply. Commercial rents are already falling precipitously, 30 per cent in the first six months of 1985, and with more people leaving they with more people leaving, they could fall even further.

Rents and share trading have been the traditional source of wealth for Kuwaitis for 10 years or more. Today, they talk of the need to invest more in "productive" areas such as

bankers, or even worse, facing of KD 4.08bn.

local companies have received the most. It is a symptom of protection in tariffs ranging the kind of constant re-thinking A reversion to more produc-

pick up. Many analysis hope, that even the most "bankrupt" have hidden stores of funds. Activity of those truly bank-rupt will depend largely on the outcome of the bail-out schemes

being discussed by parliament.
Those, too, could fall victim to the new cuts in spending. If the rescue schemes turn out to be smaller than expected, then coupled with the impact of the oil crisis, general levels of trading will go down and imports fall further.

ve" areas such as Long-term planning in such However, Kuwait's an uncertain financial environ-"productive" areas such as industry. However, Kuwait's an uncertain financial environment is virtually impossible until the oil market settles. The crisis, for many were inflating profits through dealing in the stock market.

The withdrawal of quick, easy profits on the stock market spring projected a GDP growth of 3.9 per cent annually and oil revenues going up 3.5 per cent a year. Planners were banking on fiscal deficits running at an average of KD 369m. the reality of a regional recession. Many companies are Budgets were forecast to grow working out problems with their from KD 3.6bn to a 1978 figure

Already, the Government has historical curiosity now. helped revival by application Analysts are projecting next of protective tariffs. Some 50 July's budget at KD 2.5bn at going on in Kuwait, as in other oil producing states. This is

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Richard Johns reports on prospects for the crucial oil-based sector

Fierce fight to regain share of market

Oil & Gas

IT WAS not surprising that Kuwait joined Saudi Arabla more quickly and with greater self-assertion than any other member of the Organisation of Petroleum Exporting Countries in the collective decision last December to regain market share at the expense of other

Not only does it have proportionately greater financial reserves than any other to fall back on but it also has the same interest in prolonging world dependence on oil as long as

Sabah, the Kuwaiti Minister of Oil and Industry, has been even more forthright than Sheikh Ahmed Zaki Yamani, his Saudi equivalent, in trying to force non-Opec producers (and in particular the UK) into restrain-

level for a couple of hundred years or so. Moreover, its crude oil fields are concentrated in a small area and require only small area and require only gravity to transport it a short distance to the shipping terminal. Extraction costs must be lower than any other This was started in 1982 in the producer, including Saudi search for unassociated gas required for the state's power and desalination plants, as well as KPC's liquid petroleum gas (LPC) and petrochemical plants. Over the past year these have been running well below

At relatively small expense, Kuwait has been adding to its have been running well below reserves with discoveries of capacity—with the LPG facility light crude. Over the next few years this will add greater potential. Having succeeded in finding competitive market. Proven reserves are officially 72bn barrels, but may be more like 100bn barrels.

Apart from its entitlement from the Neutral Zone, an area

pany, the production and exploration affiliate of the Kuwait Petroleum Corporation. This compared with 3.2m b/d in 1972 and a record daily peak of 4m b/d.

KPC's production in 1985 ran slightly above the 900,000 b/d quota set under Opec's now defunct sharing system agreed in the autumn of 1984. At the same time 125,000 b/d of the test's share of Neutral Zone same time 125,000 b/d of the state's share of Neutral Zone output—produced off-shore by the Japanese-owned Arabian Oll Company and on-shore—by Texaco—has been marketed on behalf of Iraq as a form of aid.

As far as a form of aid.

As far as Kuwalt is concerned, the territory has been beyond the purview of the Opec pact. As it is, the subvention in kind to Iraq is coming to an end with only past short-falls in liftings now being made on its behalf.

Kuwait's oil production from its exclusive territory has come from seven fields, including the ing their output in support of prolific Burgan, which vies prices.

with Saudi Arabia's Ghawar as In terms of its oil reserves having the largest reserves in Kuwait ranks third behind Saudi Arabia and the Soviet Union, with some 12 per cent 70 per cent of output, although to sustain output at its present proportion to about 50 per cent. Varieties from the other fields range from 24 deg API for Umm Gudair to 34 deg API for

Having succeeded in finding only light oil with a range of 38-40 deg API gravity, KPC embarked on a programme to develop these reserves found in the deep structures under the Burgan and Marrat fields.

significantly higher gas/oil tio than the heavier varieties. Six wells have been drilled at a cost of KD 40m, yielding a flow of 30,000 b/d, which is being blended with

It is too early to say, how much will be added to the

The deep drilling required puts a premium on care and specialised equipment emphasised with the blow-out of an experimental well in 1978. A subsequent one went to a depth of 22,285 ft, the deepest outside the US. Dangers lie in penetrating high pressure zones containing hydrogen sulphide gas and letting it spread to the higher oll structures.

to KD 2006

higher oil structures.

If gas exists unassociated with oil under the sands of Kuwait, it has proved elusive. To make good the shortage it was planned that the Kuwait oil Tanker Company, KPC's shipping affiliate, would transport liquefied natural gas (LNG) and at the end of 1983 the company purchased a 83 000 Arabia, Kuwait's output last and a compensation for the saccording to Kuwait Oil Com- was the fact that the crude has tanker war early in 1984, it was



Electricity charges have been

the state nearly KD 300m annually and consumption still

rising at about 10 per cent a year, so there is every reason

nes/yr)

75

Refined Products (909 b/d)

in Neutral Zone (AOC)

Kuwait Crude and

Refining

Export

KPI

Export

Export

Local

estimated at 72bn barrels, according to Mr Feisal Kazmaweb, deputy chairman of KOC.
KPC's plan is to raise output of the light crude to between 100,000 and 130,000 b/d over the next few years by drilling 40 wells in all at an average cost of KD 3m to KD 3.5m. With surface facilities designed to give a separate stream of production, the cost of the programme is estimated at KD 150 to KD 200m.

Kuwait's power plants have decline of oil production to the point that it was only about 560m cu ft per day in 1985 recently completed plants, the 1,200 Mw Shuaiba South and the 2,400 Mw Doha West can use 27 per cent was flared. Now natural gas, tail gas from the LPG plant, gas oil or even crude.

chemical plants run well below capacity because of the short-age, there is still only 120m cu ft per day available for power held down to a basic tariff equivalent to only 0.5 US cents per kilowatt hour (about one-fiteenth of actual cost), custing generation and desalination after the oil industry's dequire-ments, especially reinjection for ell-pressure maintenance. Relief will come next summer

through the agreement with Iraq whereby the 400m cu ft per day being flared will be supplied from the Rumaila oil fields at a price of \$1 per million BTUs, the cheapest on the market

Half the contracted volume should become available in May, should become available in May, with the scheduled completion of the pipeline project costing \$60m\$80m for which the C. F. Braun division of Santa Fe, KP's subsidiary, has the design and engineering contract. That amount will be associated with Iraqi oil pumped to the Red Sea across Saudi Arabla. The rest will have to await crude through will have to await crude through the expansion of the pipeline facility from Iraq to Turkey.

In principle, Kuwait is still in principle, Riwart is still interested in the Gulf Co-operation Council's project for a gas grid which would enable it to take gas from Qatar's unexploited North Field. So far it has baulked at the kind of wellhead price envisaged.

PROFILE: PETROCHEMICAL INDUSTRIES COMPANY

PROFILE: KUWAIT PETROLEUM CORP ORATION

Forceful strategies will provide lifeline through crisis years

Organisation of Petroleum Exporting Countries, with the possible exceptions of Saudi Arabia and Venezuela. For that it has to thank the integration and diversification overseas of its industry through the Kuwait Petroleum Corporation, which had a turnover in its last fiscal year of about \$12.5bn.

fiscal year of about \$12.5bn.

The strategy forcefully pursued by KPC since its formation in 1980 and, in particular, its driving force Sheikh Ali Khlaifa al Sabah, Minister of Oil and Industry, will help stop Kuwait floundering in the next three or four critical years. In the longer term, continued aggressive expansion should make a considerable increase in income for the state. for the state.

RPG is run along Western

corporate lines in contrast to the leaden and over-manned government ministries. But the corpor ation's published results do not match the image and are less than fully revealing. They show, at least, that prefits derive from sales of crude; oil products and liquified petroleum gas. These greatly offset the losses of affiliates the landing Kennett Bettelluring greatly offset the losses of affili-ates including Kuwait Petroleum International, the London-registered subsidiary respon-sible for refining and marketing in West Europe, KPC purchases, bil and gas

KPC purchases full and gas from the Government after the Kuwait Oil Company, the domestic producing and exploration affiliate. has been reimbursed for costs: Queries that KPC's published figures might raise about the price paid and the contention that official selling rates were observed for the full volume are now of historic tion of any attempt to observe discipline since December. A new formula to take account of plunging oil prices is being worked out with the Government, according to Sheikh Ali. The closed accounts for fiscal 1984-85 (ending June 30) gave a net profit of KD 209.1m (\$734m at the present rate of refined products (despite the rise in volume) were down by 5 per cent to KD 1.75bn, and

full volume are now of historic interest, given Opec's renunciaexchange), a decline of 25 per cent. Total revenue was KD 3.77bn, some 17 per cent lower. Sales of crude oil fell 14 per cent to KD 1.68bn,

KUWAIT FACES competition

Losses by subsidiaries were light distillates. With the for a reasonable share of a kD 71.7m but in 1984-85 two 199,000 b/d Shuaiba plant comfidence than other states in the Organisation of Petroleum Countries, with the buted to the overall profit after hydrogracking and desulphurisation facilities. making losses the previous year.

RPC's purchase of Gulf Oil's assets in the Benelux countries in 1983 and those in Italy in 1984, secured a significant foothold at minimal cost in refining and marketing abroad, as well as a secure outlet for crude. It now has in West Europe some 3,100 service stations, as well as 48 bulk terminals, and two

blending plants. And as a result of the acquisi-tions, KPC gained ownership of refineries at Europort, in Rotter-dam, with a capacity of 75,000 b/d, and at Skaelskor, Denmark, able to handle 54,000 b/d. KPI also has processing agreements for 35,000 b/d in Italy to service its outlets. its outlets.

The Dutch and Danish facili-ties were designed for Knwait's relatively heavy sulphorous crude, but both need lighter varieties. KPI is obliged to buy its full feedstock volume, re-quirements, in terms of volume, from the parent company trad-ing the unwanted proportion ing the unwanted proportion for what it needs to balance the throughput for the right pro-

In north-east Europe, RPI is at a disadvantage compared with its chief rivals, Shell and Esso, in not being able to picy the open market. because it has to fulfil a strategic role for the state. But Mr Nader Suffan, RPI managing disadvanter save KPI managing director, says volume sales were "substantially higher" in 1984.

Distribution

Next summer KPI will launch a new brand name and marketing drive in Europe. And the
six countries where it is now
established are not the limit of
RPC's ambitions. Sheikh Ali
acknowledged last year that it wanted to expand operations in the UK. where Kuwait's presence is limited to the 1.8 per cent market stake held through ownership of the Sadler and Pace chains. It would like to achieve a 5-7 per cent share similar to those in six countries on the Continent.

The problem posed by the unwanted refinery at Milford Haven apparently stymied KPC attempts to purchase Gulf Oil's took over its US rival. Mr Sultan says KPC looked at two other possibile acquisitions in Europe but they did not materialise.

KPC failed in its bid to buy the former Gulf refinery in Louisiana and associated service stations in 1984. It also did not succeed in purchasing Atlantic Richfield's refinery near Philadelphia and distribution network in the north-east US. But its American ambitions are not dead

KPC's competitiveness in the world market is being greatly enhanced by refinery modernisation and upgrading projects by the Kuwait National Petroleum Company, the domestic downstream affiliate involving an investment of KD 1.32bn.

"It will give KPC a stronger hold on the marketing of products and more options." Mr Abdul-Aziz Al Besairl, deputy chairman says. In 1987 domestic

Modernisation and improve-ment will give the old Mina al Ahmadi and Mina Abdullah refineries, originally simple distillation plants designed to produce fuel oil, the same flexibility and versatility.

The Mina Abdullah project is scheduled for completion this year. It involves a rise in capacity of only 20,000 b/d to 270,000 b/d but it will increase petrol potential more than sixfold and nearly double the yield of middle distillates.

The up-grading and expansion of Mins at Ahmadi from 110,000 b/d in 200,000 b/d is set for the end of 1987. It will enable KPC to process heavy sour crudes from the Neutral Canal of the product middle distillation. Zone to produce middle distillates amounting to 35 per cent of throughput together with petroleum coke.

KOTC has weathered the war in the Gulf successfully even if the 284,000 dwt Kazimen has

if the 284,000 dwt Kazimeh has been hit twice.
Through its affiliate Kuwait Foreign Petroleum Exploration, RPC has a wide global spread of rights including concessions in Australia, Bahrain, China, the Congo, Egypt, Ireland, Italy, Oman, Tanzania and Turkey. It acts as operator on-shore in Tunisia and off-shore in Bahrain.

Tunisia and off-shore in Bahrain.

Last April it bought out its partners in the Geneva-based International Energy Development Corporation which has made commercial discoveries in the Gulf of Suez and Australia.

KUFPEC's subsidiary Santa Fé Minerals (Asia) has an interest in Atlantic Richfield's gas discovery in Chinese waters.

KPC's \$2.5bn purchase of Santa Fé, the US oil service company, at the end of 1981 gave it extensive oil leases in the US, the Gulf of Mexico and the North Sea—where it has a stake in the Miller field — as well as the South China Sea. The acquisition has proved controversial, not least because of the price paid.

the price paid.

The American affiliate has been a loss-maker, but ownership of Santa Fé together with its subsidiary C. F. Brann, with its engineering expertise, made KPC into a fully integrated oil company capable of handling all aspects of the business.

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KUWAIT'S ambition to maxi- 1983-84 and KD 3.12m in 1982scope has been immred, though, by shortages of natural gas resulting from lower oil ouput which, in turn, has also adversely affected the profitability of Petrochemical Industries Company, the whollyowned subsidiary of the Kuwait Petroleum Companying. Petroleum Corporation.

Yet it is uncertain what incremental supplies of gas PIC may receive through the agreement with Iraq under which by the autumn another 400m cu fi per day will be flowing from the South Rumaila field to supplement Kuwait's production. No promises have been made.

Mr Abdul Baqi Abdullah al-Nouri, PIC chairman and managing director, said: "We will probably have a little more but it is difficult to say how

senior financial executives emphasis that apart from the needs and economics of power generation, there is an optimum limit also imposed by the market opportunities for PIC's output of ammonia and urea.

Fertiliser

With cancellation of plans last year for an aromatics complex based on refinery feedstocks. Kuwait's domestic indusstocks. Kuwait's domestic indus-try remains heavily concen-trated on the production of for ammonia and 85-90 per for ammonia and 85-90 per for urea according to a ammonia and, as derivative, PIC officials. The for urea. And for the foreseeable ammonia line is now be future the main thrust of in-vestment by PIC will be over-seas—in particular Tunisia, Tur-key and China.

The rest of PIC dom

The bulk of ammonia and urea capacity was established in the early 1970s when oil output peaked, and the assumption was that the high rate would be maintained for the indefinite

ammonia line at Shuaiba in the spring of 1985 gave Kuwait the largest nitrogenous fertiliser capacity of any oil state in the Middle East, with capacity for ammonia of 1m tonnes a year and one for urea at 792,000 t/y. Yet the industry generally has been dogged not only by short-

Considerable improvements in efficiency and more economic utilisation of gas were largely responsible for increased output and profitability. Ammonia production rose by 16 per cent in produced from the plant which operated for only 20 days as a result of low demand.

Whatever the constraints imposed by the lack of gas availability, output was almost in line with what PIC could sell. Ammonia was restricted by storage problems — the potential dangers from a hit-and-run Iranian raid.

caustic soda. Sales, though, were only 8,600 tonnes, 7,750 tonnes and 6,300 tonnes respec-

Plants last year operated at 62 per cent of capacity and urea prices dropped about 30 per cent compared with the previous year, but PIC was still in the last fiscal year were KD 3.96m (\$13.64m) compared with losses of KQD 3.52m in soon.

The local and Gulf market, phoric acid feedstock. With market, phoric acid feedstock. With the 40 per cent balance, China will provide the ammonia and the gas supplies. The latter, moreover, will be supplied from the off-shore gas field with losses of KQD 3.52m in soon.

Another project would have mise the return from its 1983. This amounted to a been the polystyrene plant wasting hydrocarbon resources return of KD 38m and 3 per planned by Kuwait in 1980 through the manufacture of cent on capital, which increased in which PIC has a 45 per cent petrochemicals dates to the from KD 100m to KD130m as a stake. Its shareholders, though, 1960s, when implementation of result of the need to finance decided in October to liquidate the first projects began. Its new investment at home and the company, having made only scope has been limited, though, abroad. sulphur-packing operation.

In Tunisia it has an investment calculated last year at KD 7.3m in five joint ventures and profitability. Ammonia production rose by 16 per cent in 1934-85 to 416,375 tonnes and that of ures by 9 per cent to 596,060 tonnes. Costs of production were reckoned to have fallen by 2.3 and 12.4 per cent respectively, according to PIC's accounts. In addition 4.340 tonnes of sulphuric acid were produced from the plant which the Mediterranean Fertiliser capacity of simple crude will have a 25 per cent share 665,000 b/d. It will considerably in the one being constructed at the same site which will have a capacity to produce 460,000 to the same site which will have a capacity to produce 460,000 to the same site which will have a capacity to produce 460,000 to the same site which will have a capacity to produce 460,000 to the same site which will have a capacity to produce 460,000 to the same site which will have a capacity to produce 460,000 to the same site which will have a capacity to simple crude will be a capacity of simple crude will have risen from 520,000 to the same site which will have a 25 per cent share the same site which will have a 25 per cent a capacity to produce 460,000 tonnes a year of diammonium phasphate and 660,000 tonnes of calcium ammonium nitrate.

PIC's biggest single investment abroad is its one-third share in Gulf Petrochemical Industries. The \$400m joint venture, financed 40 per cent by equity and 60 per cent by and-run Iranian raid.

Urea sales rose 7 per cent to 580,000 tonnes and those of liquid ammonia increased 22 June with a capacity of 330,000 tonnes and those of liquid ammonia increased 22 June with a capacity of 330,000 tonnes a year each of ammonia and methanol. The joint venture with Saudi Arabian Basic Industries Corporation and the Bahrain Government has performed perfectly, according to sensor PIC officials. The fourth ammonia line is now being fully exploited together with the first. The older ones have all been depreciated-fully.

the first. The older ones have all been depreciated fully.

The rest of PIC domestic activity is limited to its salt and chlorine division. Production has gone mostly to serve the Kuwaiti market, with the rest going to Arab states in the region, but has been running in excess of demand.

It is said neveral to getter with first fication should be complementary to existing activity—whether in Kuwait. Tunisla or Bahrain. It is on that basis that PIC has proceeded with its most ambitious and far-flung initiative, which resulted from the visit by Sheikh Ali Khalifa all research in the region, but has been running in excess of demand.

It is said neveral to get the first further diversity of existing activity—whether in Kuwait. Tunisla or Bahrain. It is on that basis that PIC has proceeded with its most ambitious and far-flung initiative, which resulted from the visit by Sheikh Ali Khalifa all research in the region, but has been running in excess of demand. and chlorine division. Production has gone mostly to serve the Kuwaiti market, with the rest going to Arab states in the region, but has been running in excess of demand.

It is said, nevertheless, to be profitable. In 1984-85 it achieved an output of 21,000 tonnes of chlorine, and 10,000 tonnes of caustic soda. Sales, though,

PIC has a direct share of 30 per cent in the tripartite venture and another of 14.7 per been dogged not only by shortages of gas but also marketing
difficulties.

For the future IPC's only
other surviving project is a
polypropylene plant to serve which will supply the phosthe local and Gulf market, phoric acid feedstock. With



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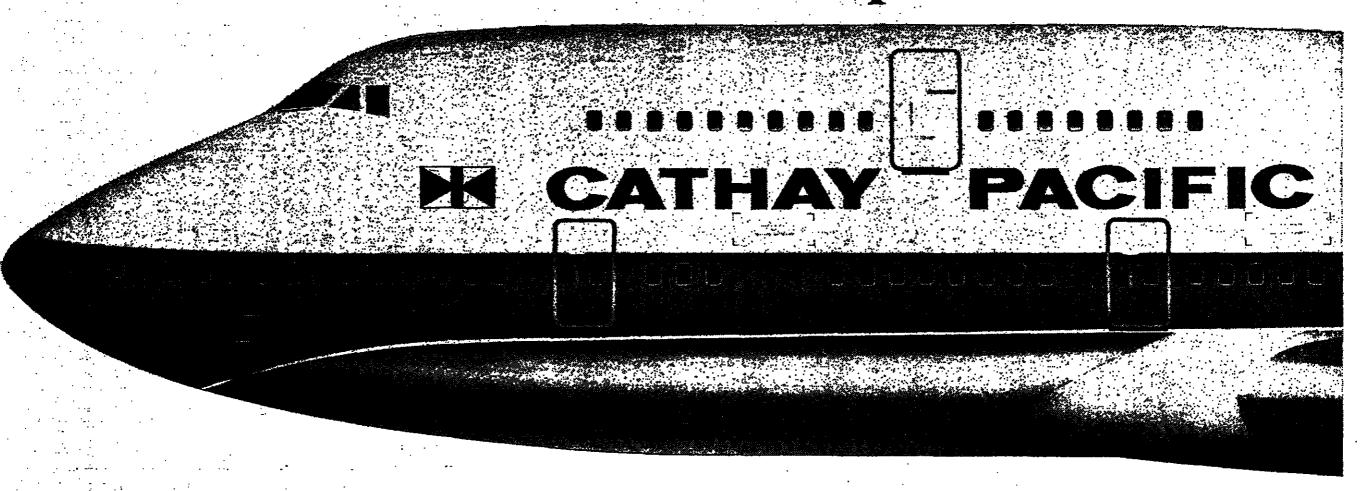
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'A cross between

chess and Monopoly'

William Dawkins on new sick pay rules

IF PORTUGAL were America, Ivan and Diane Villax and their Hovione would not be unusual. The US encourages the type of hard-nosed enterprise that has resulted in Hovione being developed from a tiny basement lab 27 years ago into today's multimillion dollar manufactur-

multimillion dollar manufacturing complex.

Portugal's climate is different. Businessmen often expect governments to create
ideal conditions, then mope
when Utopia remains elusive.
So much so that the Prime
Minister Anibal Cavaco Silva.
who believes private enterprises
must actually be enterprising

who believes private enterprise must actually be enterprising, recently repeated to a business audience the words of John F. Kennedy: "Ask not what your country can do for your country." Meanwhile the Villaxes go their own way, make money, and pump profits back into their company. And they amiably fend off commercial or investment banks and state institutions all trying to lend them money... a rarity in Portugal, where bank managers are not famous for their eagerness to famous for their eagerness to

famous for their eagerness to grant loans.

It all began in Clermont-Ferrand, in central France. Ivan Villax, then a 23-year old Hungarian refugee with a degree in organic chemistry from the University of Budapest, was half-heartedly earning a living in his plant constinists. a living in his plant geneticist father's line of work, research-ing chestnut tree blight. Though bored with chestnuts, he was engrossed by micro-organisms in the soil around the diseased trees. He isolated a fungus with antibiotic proper-

After joining his parents in Portugal in 1950, he delved further into antibiotics in his new job as researcher at the Instituto Pasteur, a private Portuguese pharmaceutical company. Throughout the 1950s, Villax developed new strains of tetracycline, the broad-spectrum antibiotic, and of penicillin and chloramphenicol.

It was after his marriage to Diane du Boulay, then 24, in 1959, that Hovione was founded. She came from prominent Anglo-Portuguese stock, had done a secretarial course in London and had some experience as a secretary with a small

Lisbon import/export office. The catalyst was the lack of interest shown by the Instituto Pasteur in acquiring interna-tional patents for Villax's discoveries. He went in search of backers and found them among Hungarian refugees in Portugal

Hovione

A laboratory of inventiveness

Diana Smith on the global ambitions of a Portuguese family company



Peter (left), Diane and Ivan Villax : Hovione's first financial backing came from Hungarian refugees

own fighting, hiring a lawyer

and concentration on research and development which absorbs

8 per cent of annual invest

ment against a Portuguese average of less than 1 per cent,

patent that costs far less than registration in separate countries, but no relief from their stand against the giants.

Several years ago they re-ceived the placet of the US

Federal Drug Administration,

whose inspectors check their products and installations regu-

larly, and now sell 42 per cent

of their annual exports to the

US. This is a source of some pride to a company of 200 em-

necessary. Hovione has expanded,

gan as no more than a laboratory in the basement of their small house and a desk in the study, with Ivan Villax and col-leagues researching in the base-ment and Diane Villax learning how to be a manager on the ground floor. When the business and the family grew (they have four children), they moved to a larger house with a bigger basement and room for a separate

First Hovione sold know-how for the fermentation of chlorotetracyclines to a Milan-based concern. Fermentforma, whose directors were Hungarians.
They offered Villax 12 per cent
of the capital, which he paid
up in stages as he began to
earn more money. When in earn more money. When in 1967, a small Californian com-International Rectifier, bought up Fermentforma, Villax made enough profit on the sale of his stake for the couple to build a small manu-facturing unit in Portugal.

From the earliest years of Hovione, there have been battles over patents: each time Villax registered a new product or process—with 113 patents now registered abroad—he was accounted by American phorms. contested by American pharma-ceutical multinationals.

working on new equipment de-signs. The high technology of the 1970s and 1980s has helped Hovione's growth; calibration and manufacturing equipment unheard-of when the company was formed has increased accuwas formed has increased accuracy, quality control methods and speed. Computerisation of the administrative side of the company, carried out over the past two years by the Villax's eldest son Peter, an Aberdeen university Economics graduate, has been a boon to accounting and marketing.

Having grown from the epitome of "Momma and Poppa" business to 50 employees in 1970, 100 in 1980 and to doubled capacity in 1984, the Villaxes are on the move again — to the South China Sea and the tiny Portuguese-run territory of Macao. Their second son, Guy, a business management graduate from the university of Buckingham, is in the Far East supervising construction of Hovione's Macao factory, which should start up later this year.

The factory has two purposes: to produce intermediate products from high-quality low cost mainland China raw material for Hovione to finish in Portugal, and to make finished products for the Far East

This year Hovione will be investing \$2m in the business, campared with \$1.2m in 1985 and Slm in 1984.
Diane Villax laughs when

Diane Villax laughs when anyone asks her where she took her economics degree. "Tm uneducated," she exclaims. "Onthe-job training is what I had." The Villaxes are strong-willed, clever people whose success and enjoyment of it can overawe less confident personalities. They live on top of the shop as they always have: recently they acquired a new yields new products and tech-niques, the patent battles have become fiercer, often spilling over to Hovione's clients. over to Hovione's clients.

Many of these clients in countries where Hovione patents are registered are small to medium-sized businesses, sensitive to pressure by US pharmaceutical giants against a competitor's product. Much of Hovione's business year is spent travelling to reassure clients and protect. recently they acquired a new building around the corner from the rambling old house they and their Lisbon office occupied for 20 years, and put sales, accounts and a small staff canteen on the to reassure clients and protect territory. Portugal's accession to the EEC gives the Villaxes access to the single European ground floor.

A youthful 61, with no sign

of reducing his mountainous workload and many trips abroad, Ivan Villax shows off his plant with relish, patiently explaining complex equipment to novices. When he was young, working at Pasteur and living in a pension in old Lisbon, people did not discuss their business.

Most people thought the quiet, chain-smoking Hungarian was just another refugee among and Italy.

Starting with a capital of Signary and tear on the nerves.

Starting and his wife, who sold shares in order to take 50 per cent of the capital, Hovione be
Ceutical multinationals.

Protecting patents costs patents costs protecting patents costs patents costs protecting patents costs ployees operating from what home in Portugal, living on a shoestring—not a dogged to be an orange grove shoestring—not a dogged organic chemist preparing to Thirty-one of those emtake on even the toughest, ployees, including three PhDs. largest pharmaceutical competitions.

development; another 30 are IMPORTANT changes to sick draughtsmen and architects pay rules come into effect on pay rules come into effect on April 6 and the signs are that their impact will be far greater than many employers realise.

Deidre Gill, the Institute of
Personnel Management's expert on Statutory Sick Pay (SSP), says the scope of the rules will be greatly extended. "For small firms in particular, the changes will create difficulties. They will have to watch their absence controls closely," she

warns. The rule changes, coming oddly at a time when the Government is pledged to cut-

In brief...

LEEDS Polytechnic's Bruns-

venture capital groups, banks, accountants and solicitors in the field, will discuss how to the field, will discuss how to structure deals, raising fianance, tax planning and legal aspects of buyouts among other subjects. The venue is the Whitbread Brewery, Chiswell Street ECIY 4SD, and tickets cost £454.25. Details from the Conference Organiser, Business Research International, 57/61 Mortimer Street. Landon Mortimer Street. London WIN 7TD. Tel: 01-637 4383.

YOUNG entrepreneurs from all over Britain will be selling and displaying their goods at Young Industry '86, an exhibition to be held in Milton Keynes shopping centre from April 3 to 5. The aim of the exhibition, the first of its kind, is to give sixth formers who have formed their own minienterprises at school a taste of what real business is like.

privately privately backed group levoted to business training Details from Milton Keynes Development Corporation—which is backing the event with a number of industrial companies—at Saxon Court, Central Milton Reynes MK9 3HS. Telephone 6234 59754.

GREATER London Enterprise Board and Haringey Council are to provide £500,000 annually for a local enterprise board.

enterprise board.

The budget for Haringey Enterprise Board, which is due to be launched on Thursday, will be equally split between the two authorities. Two investments in small businesses have already been lined up; a \$50,000 joint venture between the Haringey board and City Uni-

will go up to eight weeks.

All these changes would make it theoretically possible for you to end up having to pay SSP to one person for anything up to 10 years. To stop this happening, there will be a three-year cut-off point, after which the sick worker gets his or herbenefits directly from the Department of Health and Social Security. However, such cases would be very rare, points out Gill. They would only happen if an employee had several short illnesses over a long period, all ilinesses over a long period, all of them linked.

SSP regulations anyway. "They would be limited to 28 weeks don't keep records. They pay sick employees anyway and just claim retrospectively when they see a reasonable period off," period of incapacity for world be considered to the see a reasonable period off," period of incapacity for world of the seep results for the seep records. oddly at a time when the Government is pledged to cutting red tape rather than increasing it, certainly do not see a reasonable period off," he says.

Bernard Juby, chairman of the new system. The main changes smill businesses, which has always opposed SSP, complains: "It's like playing a cross between chess and Monopoly with somebody throwing away the rule book."

Stan Mendham, chief executive of the Forum of Private Business, believes the rule changes will make little difference because many small

odon't keep records. They pay per tax year. The tax rule gets scrapped, so that you will be for SSP in any single period of incapacity for work (PIW) no matter how much you have paid during the year. A more full days of sickness and form from the status period of four or more full days of sickness and form from any DHSS office. A more full days of sickness and more

> versity to develop electronic aids for people with speech problems and £15,000 for a start-up project to make Many such ventures have been set up with the help of Young Enterprise, a privately backed group

start-up project to make security devices.

The board will offer consultancy and management advice for small businesses and will hold a portfelio of start-ups, rescue situations and joint ventures with local companies.

STOY HAYWARD, accountancy firm, lists 125 sources of finance in the updated version of its guide to yeature capital, issued last

The free booklet, Source of Venture Capital in the UK in 1986, gives details of venture capital groups investment preferences, their favoured types of business and realisation requirements. Copies from Stephen Greene, Stoy Hayward, 8 Baker Street, London WIM 1DA.

LEEDS Polytechnic's Brunswick School of the Environment is to repeat its course on converting buildings for small business use.

The two-day course, to be held on June 9 and 19, will cover subjects including selecting buildings, market research, planning and related problems, funding, marketing and management. Details from Leeds Polytech-Details from Leeds Polytechnic Intensive Courses Unit, Lawns Lane, Farnley, Leeds LS12 5ET. Telephone 0532

TACTICS FOR buyers, sellers and investors will be ex-plained in a conference on management buy-outs to be held in London on April 10 The 11 speakers, drawn from some of the leading

Record year for buy-outs

MANAGEMENT buy-outs lay behind an almost doubling in the rate of investment last year by Charterhouse Development, by Charterhouse Development, the oldest venture capital group in Britain.

which £18.5m went into 14 buy-outs. The latter accounted for most of the growth in invest-ment, with only £4m being channelled into seven buy-outs

in the previous year.

Of the balance, £3.6m went into 10 development capital situations, £2.7m was spent on buying existing shares already in the Chartesburge partfells. in the Charterhouse portfollo, while £1.3m went into start-In its first year under the ups. Overall investment was up ownership of the Royal Bank of 50 per cent in terms of the Scotland, Charterhouse put a number of deals, but doubled record £26.1m into 33 deals, of in cash terms.

The breakdown provides a good reflection of a year in two" buy-outs worth £10m or which UK venture capitalists complained that while there was an unprecedented demand for backing by large management buy-outs, good quality early stage investments were increas-

Like many others in the industry, he fears that the huge volumes of cash earmarked for buy-outs by the City has helped stage investments were increasingly hard to find.

Robert Smith. Charterhouse's managing director, believes that buy-outs will continue to be a dominant feature of venture capital in 1986. "There is an almost inexhaustible supply of these things," says Smith, who

* * .

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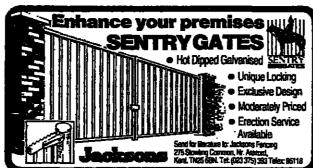
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Port Talbot

The business assets and goodwill of ICC Industrial Services, a division of ICC Oil Services PLC, are offered for sale. The business is highly regarded in the heavy industrial cleaning business, operating from premises in Port Taibot. The business employs approximately 25 employees, producing an annual turnover of £920,000.

For further details, contact Paul Davis at Port Talbot on tel: 0639 820261 or The Joint Receiver and Manager, Tim Harris at the address below, on tel: 01-236 6500. Telex 894941.

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 Annual Turnover £3m Net Assets £450,000

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We are seeking a Company with a technically advanced product which will respond to improved funding and sales promotion and which requires long-term manufacturing resources.

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es to acquire Injection Moulded

with annual turnover of £2,000,000 plus, preferably located in the South and within reasonable distance of the MI, M4 and M25 motorways mi, my and mid motorways and with facilities to expand the operation in its proximity. Replies in the strictest confidence to Box MOSES, Financial Times 10 Cannon St, London ECAP 4BY

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Turnover last year was about £4 million with 60 employees.

The company has its own brand "Meteor" but sales are primarily to wholesale distributors and importers.

There is a leasehold factory of some

10,000 sq. ft. in Cornwall with a freehold Sales and Administration office in London. For further information, please contact: Andrew Brannon or Gerry Boon, Spicer and Pegler & Partners, Friary Court, 65, Crutched Friars, London EC3N 2NP Telephone: 01-480 7766.



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NOTICE OF PARTIAL REDEMPTION

Notice is hereby given that pursuant to the Fiscal Agency agreement as of December 13th, 1984, between SNCF and Banque Nationale de Paris (Luxembourg) S.A. the following Notes in the principal amount of US\$7,000,000 have been drawn by lot and are due for redemption on March 25th, 1986, at the offices of the Paying Agents at 101% together with accrued interest thereon to said redemption date.

000001-000150 000819-001018 001435-002061 037944-038118 039137-039230

000201-000515 000528-000657 001255-001422 001044-001068 037760-037893 037585-037734 038139-038227 038431-039123 039371-039747 039823-040000 102736-102789

The Fiscal Agent BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.

Bank of Tokyo (Curação) Holding N.V. ed liability in the Netherlands Antib £38,080,009 GUARANTEED FLOATING RATE NOTES DUE 1998



The Bank of Tokyo, Ltd.

(Incorporated with limited liability in Japan) In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 21st February, 1986 to 21st May, 1986 has been fitted at 121 per cent. per annum. Coupons No. 10 will therefore be payable on 21st May, 1986 at £1,554.45 per coupon from Notes of £50,000 nominal and £155.45 per coupon from Notes of £50,000 nominal.

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APPOINTMENTS

The following have been elected to the executive committee of the ISSUING HOUSES ASSOCIATION: Mr G. R. Walsh (Morgan Grenfell and Co.), chairman: The Lard Rockley (Kleinwort, Benson) deputy (Kleinwort, Benson) deputy (chairman: Mr W. L. Banks (Robert Fleming and Co.): Mr A. H. C. Breadbent (J. Henry Schroder Wagg and Co.): Mr P. J. Byrom (N. M. Rothschild and Sons): Mr D. O. Horne (Lloyds Merchant Bank); Mr J. P. de Riocq van Kuffeler (Brown, Shipley and Co.): Mr L. A. N. McIntosh (Samuel Montagu and Co.); Mr D. Reed (County Bank); and Mr A. M. Sorkin (Hambros Bank).

Mr Mike Gerton has been appointed managing director of A. C. NIELSEN CO., Oxford, from March 1. He succeeds Mr Malcolm Smyth, who continues as chairman while devoting more time to international commitments.

Mr David G. Unsworth, manager of Oldham-based stone-masonry firm S. AND J. WHITE-HEAD, a wholly-owned subsidiary of G. Dew and Co., has been appointed a director.

Following the retirement due to ill health of Mr Sydney Shimmin, the ISLE OF MAN STEAM PACKET COMPANY has appointed a new chairman, Mr Nerman Corlett, who has been a director for more than two years.

director for more than two years.
Mr Corlett is a substantial Steam
Parket shareholder and the principal of the island's largest
brick manufacturer, N. R. Cor-

CROSS INTERNATIONAL, Knowsley, has appointed Mr Maurice L. Haynes as managing

bene

Higgs

Hill Samuel post

Mr Kenneth Morton will be joining the board of HILL SAMUEL GROUP in July as a full-time executive. He will also become a member of the executive committee, and will be joining the group's small central management team. He is finance director of Reed International, and was a director in the corporate finance department of Hill Samuel and Co. from 1971 to 1973.

Mr Malcolm J. Portlock has joined QUADREX SECURITIES, a private international invest-ment bank, as board director and freasurer with specific responsibility to develop banking relationships. He comes from the English Association Trust.

British Telecom mobile phone division has apointed two directors to consolidate sales and marketing of its cellular telephone and radiophone ranges. Mr Charles Baker joins the division as director of marketing, responsible for product marketing and forward planning. He was formerly with Engineering Developments. Mr John Barker, previously general sales manager at Answerphone, is appointed director of sales. director of sales.

tors, Mr James Peters and Mr Peter Clark. Mr Peters becomes southern area sales director, and Mr Clark northern England and Midlands area sales director.

SVENSKA FINANS (UK), a finance company in London within Svenska Handelsbanken, Stockholm, has appointed Mr Andrew Bell to the board.

Mr Kurt Handland Mr Senska Handelsbanken, Stockholm, has appointed Mr Andrew Bell to the board.

Mr Kurt Hashinger will join the board of NORTHERN FOODS as a non-executive director on April 1. He was deputy chair-man of Rowntree Mackintosh. Mr Howard Watkins has been appointed chairman of WALTER LAWRENCE CONSTRUCTION. Mr Watkins, who will take the appointment part-time, recently retired as a senior director of Fairclough Construction Group.

Mr Peter Laister, formerly chairman and chief executive of Thorn EMI, has been appointed a non-executive director of FLUOR (GREAT BRITAIN). Mr Roger Kittey, sales director, and Mr Bryan Meekey, director of engineering and operations, also join the board.

Mr Charles Donovan has been reappointed a ful-time member of the BRITISH GAS CORPORA-TION for three years from March 1. He is managing director

Maurice L. Haynes as managing director. He succeeds Mr Eden A. Diver who will now concentrate on his responsibilities as vice president, eastern hemisphere operations, for the Cross Company, a subsidiary of Cross and Trecker Corp., US. Mr Haynes was UK operations manager with Valenite Modco. LAPORTE INDUSTRIES

(HOLDINGS) has appointed Dr
David Campbell as European
manager for the electronic products and services division. He
was managinging director of the MASDAR (UK), Workingham, has appointed Dr Robert Jarrold to the main board, to be respon-

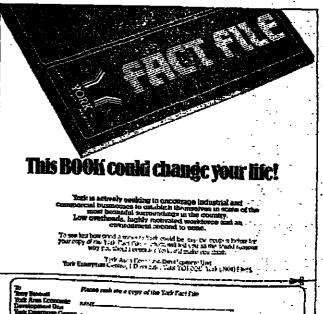
FINANCIAL TIMES SULTANATE OF OMAN

SURVEY November 11, 1985

This 12-page Survey has been reprinted as a booklet and is now available at the price of £5.00 (including p&p). For your copy please send cheque/ PO, payable to the Financial Times Limited, to:

Michael Hallaran, Overseas Advertisement Department, Financial Times, Bracken House. 10 Cannon Street, London EC4P 4BY





Ar Co.

نهاداصر الأعل

Dublin attacks Unionist 'falsehood' over accord

eign Minister, delivered a stinging agreement. "It is deliberately attack on the Unionist leadership in geared to whip up hysteria among a Northern Ireland yesterday which confused and frightened people. As abruptly ended the conciliatory such it is dangerous... those who tone Dublin had struck since signare promoting the campaign have a ing the Angio-Irish agreement last beavy responsibility to bear," he

maximum impact on the eve of a threatening violence if they did not meeting in London today between get their way. I am saddened and Mrs Margaret Thatcher, the UK troubled to see self-proclaimed con-Prime Minister, and Mr James Mol-stitutional politicians align themvneaux and the Rev Ian Paisley.

opposition to the accord.

At the London talks, Mrs Thatcher is expected to offer the Unionists a formal role in Northern Ireland policy making, parallel to that of the Dublin Government under the

November agreement Mr Barry, who was co-chairman of the Anglo-Irish conference with by the IRA's campaign of violence, Mr Tom King the Northern Ireland or that it was the first step towards Secretary, said: "Let me put my message in a nutshell. I profoundly believe that the Unionist people are now being misled in a most griev-ous way by their own leaders and I believe that that is both a scandal

base, Mr Barry said Unionist politi-

troubled to see self-proclaimed conselves publicly with the very organi-sations - the UDA for example parties. The speech seemed to indicate that the Irish Government has barbarous campaign of sectarian savagery seen for centuries in Ireland, a campaign which is again stirring in Belfast. The UDA - the Uister Defence

Association - is a banned loyalist paramilitary organisation. Mr Barry dismissed as a "big lie" loyalist allegations that the Anglo-lrish agreement was brought about

Irish unity and allowed him to dictate policy to Mr King. The days of Unionist "domination and trium-The speech could hardly be in greater contrast to the efforts by Dublin officials until now to sooth Unionist anger over the agreement. phalism" were gone forever but

COMPETITION URGED IN CIVIL AVIATION MARKET

BCal calls for air policy review

BY LUCY KELLAWAY

by sympathising with their frustra-tions and stressing that the republic intended no claim to the North.

over the heads of Unionist leaders

to their own people by adopting their aggressive style is, however, hardly likely to succeed.

Unionists today are likely to include that, after all sessions meet-

ings of the Anglo-Irish inter-govern-

formal meetings at which the

Unionists would be kept informed

on the issues under discussion be-

vited to put forward their own proposals and recommendations.

Mrs Thatcher will be accompan

Mrs Thatcher will be accompanied at today's talks, to be held at Downing Street, by Mr King. On Thursday they are due to meet Mr John Hume, leader of the Social Democratic and Labour Party in

Today's meeting is the first by

the UK Government with Unionist leaders since the 15 Ulster by elec-

tions on January 23, held after

the province.

Mrs Thatcher's proposals to the

Its apparent intention to appeal

BRITISH Caledonian (BCal), Britain's largest independent airline, yesterday called for an urgent review of government policy on competition in the civil aviation

The group announced record profits yesterday of £21.7m for the year to October 1985, compared with £15.9m the previous year.

Sir Adam complained that the

Speaking at the company's annual meeting at Gatwick Airport, south of London, yesterday, Sir Adam Thomson, the group chairman, said that the flotation of British Caledonian Group, the airline's less profitable South American parent company, could not go ahead shis year as a result of uncertainties in the industry. But he added that the group still intended to strengthen routes, which been far less than Department of the said that the flotation of British Caledonian Group, the airline's less profitable South American ones, had become less attractive as a this year as a result of falling oil prices.

The Government's White Paper the group is a strengthen routes, which been far less than Department of the said that the flotation of British Route and profit and the time when flotation will be a tion Policy, was a "hollow docu-

market, arguing that the latest at value of "horse trading" of airline tempts at reform had failed. value of "horse trading" of airline tempts at reform had failed.

the group still intended to "plan for (policy document), Airline Competi-

mated the hostility of foreign governments to competing against two British carriers. He reasserted that the fundamental problem for the industry was the domination of British Airways.
"Stated policy does not quite tally

with the actual position where the England dominant British airline remains Group next largest competitor," he said.

Sir Adam claimed BCal is shortly to seek a meeting

"realistic proposals" concerning the distribution of traffic between the three airports in the south-east of

Group turnover rose last year to more than five times the size of its £602m from £526m in 1984, while turnover from BCal Airways, the There was an urgent need for re-forms to take place before the pri-£415m to £487m, generating pre-talargest part of the group, rose from vatisation of British Airways, profits of £21.7m (£16m in 1984). scheduled for this summer, after During the year scheduled passenwhich the Government would not be able to carry out any softened. be able to carry out any reforms, while cargo and mail rose by 10 per

Potential N-waste sites to be named

SEVERAL POTENTIAL nuclear waste sites are expected to be named today by the Government and UK Nirex, as locations the mpany wants to study in detail before making a final choice for

tis proposed £200m repository.

The Government plans to bring a special development order before parliament, seeking planning permission for UK Nirex to drill boreboles in order to explore the geology of the potenProvided MPs give consent, the company will be spared the further delay of a public inquiry at this stage of its investigations. A public inquiry will be called by when the company has selected its preferred site and designed a

repository for it. The short list to be an today has been selected from about 2,000 possible contenders, mainly in the clay deposits of the Midlands and the north of England.
Mr John Lyons, secretary of the Electrical Power Engineers' Association, yesterday released the text of a letter sent to the Government last month, urging a delay in announcing nucles

The letter, addressed to Mr Baker on behalf of the Electricity Supply Trade Union Council representing nine electricity industry unious and about 150,000 employees, argues for further public

These unions believe "a better informed public would be less open to manipulation by opposi-tion groups, and less hostile to

Mr Lyons, as secretary to the council, said yesterday they were releasing the letter because they nayed that the Government should have ignored our

Distillers battle returns to courts

By David Goodhart

THE VIGOROUSLY contested battle between Guinness and the Argyll Group for control of the Distillers spirits company will today re-turn to the courts.

Argyli is applying for a judicial review to try to block the new agreed Guinness bid for Distillers, it was revealed last Thursday after the Monopolies and Mergers Com-mission (MMC) had agreed to lay side the previous Guinness bid which had earlier been referred

The second Guinness bid – value ing distillers at about £2.35bn marginally improved upon the share value of the Argyll bid. There remains, however, a strong possi-bility that Argyll will attempt to make one final improvement to its own offer which has been cleared by the MMC.

Meanwhile Argyll is hoping that its judicial review, against the MMC, will today be given the go ahead, in which case it could come to court within a few days.

Argyll's main argument in favour of quashing the latest Guinness offer is that it is not sufficiently different from the first one which was referred on the grounds of joint market share in the scotch whisky

NatWest scraps home loan differential rate

BY MICHAEL CASSELL

ential interest rates and charge 13 per cent on all home loans.

tainly be followed by other banks and puts increasing pressure on the was "looking at its existing mortand puts increasing pressure on the building societies to abolish the higher interest rates charged for endowment-linked loans.

mortgage bosiness of any of the UK banks. It said that it was abolishing the extra 0.5 percentage point

1 for existing customers, will mean mortgages to first-time buyers and a monthly saving of about £8.75p 90 per cent to existing borrowers,

COMPETITION for mortgage business in the UK is stepping up with yesterday's decision by National Westminster Bank, to scrap difference downeat mortgages, is likely to follow the company of the company dowment mortgages, is likely to fol-low NatWest's example within the next few days. Midland Bank, The move will now almost cer- which charges an additional 0.5 per-

gage package." The move makes it almost certain that the building societies, NatWest lends about £1hm a year most of which have only recently in home loans and has the largest stopped charging higher interest rates for larger loans, will soon The NatWest announcement

E30,000.

Lloyds Bank has already dropped the 0.5 percentage point premium charged on endowment loans, al-

have to eliminate premium rates on endowment business. Most of them charged on endowment mortgages, charge an additional 0.25 per cent as well as premiums of up to 1 per 0.5 per cent for this type of loan. charge an additional 0.25 per cent to centage point levied on pension rentages. The reduction in endowment some designed to increase the charges, which takes effect at once for new borrowers and from March bank is also offering 95 per cent

Child benefit payments to be lifted in July

CHILD BENEFIT payments are to force and activities at Workington be increased by 10p to £7.10 a week would be maintained. from July as part of a Government C FARLEY Health Products has

Mr Norman Fowler, the Social Services Secretary, announced the increase in the House of Commons yesterday during a statement on with an outbreak of salmonella the uprating of social security benefits, most of which will rise by 1.1 per cent from the same date.

been focused on child benefit since both the opposition parties and a sizeable group of Tory MPs have pressed for a substantial rise, partly to make up for the failure to maintain the real value of the loss of up to 360 jobs. last November's uprating.

D DAVY CORPORATION is reinforcing its iron and steel plant engineering business by purchasing Distington Engineering and Con-tracting (DEC) from British Steel Corporation for about £1.5m.

DEC which employs 140 at Workington, Cumbria, north-west En-giand, designs and installs steel works, plant and equipment, and specialising in continuous casting for which there is still a healthy

Davy whose present workload inchudes the construction of two blast furnaces in Korea and a cold rolling mill in Yugoslavia, said the work-

attempt to take the sting out of Con-servative backbench pressure on the issue, Peter Riddell writes.

Farley voluntarily ceased production at its Kendal, Cumbria, factory in December after it was connected

will come in part from funds raised through the issue of shares under the Business Expansion Scheme.

II A NEW kind of medical research institute is planned to come into op-eration in Oxford in 1988, at an in-itial cost of about £2.5m. The Institute of Clinical Molecular Biology will aim to bring the new discover-ies in "genetic engineering" to the aid of sick people.

O A MEMORIAL service for Mr Brian Lawrence, a former manag-ing director of St Clements Press, printers of the Financial Times, printers of the Financial Times, who died last month, will take place Church, Fleet St. London.

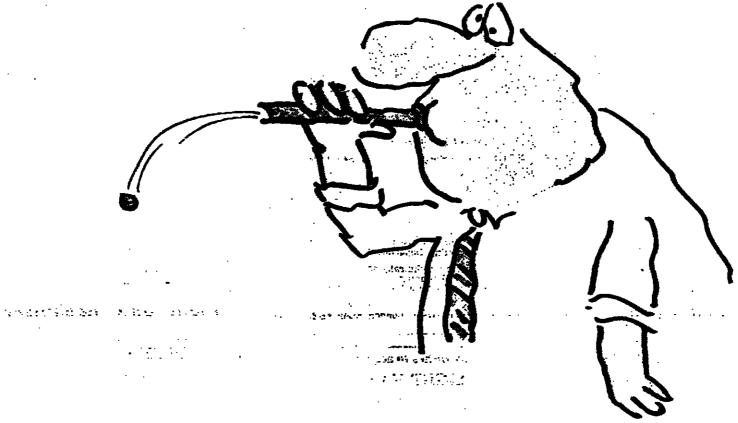
J.P. Morgan & Co. Incorporated DM 400,000,000

Floating Rate Subordinated Notes of 1985/1995 - Stock Index No. 476 966 -

In accordance with § 2 (9) of the Terms and Conditions of the No in accordance wan 9 2 19) or the terms and Conditions of the Notes, odice is hereby given that the Rate of Interest has been fixed at 4 % 7s p.a. for the Interest Period 25th February, 1986 to 27th May, 1986 (9) days). Interest accrued for this Interest Period and payable on 27th May, 1986 will amount to DM 123.23 per DM 10,000 Note and DM 3,080.73 per DM 250,000 Note.

February 1986

Interest Determination Rank: MORGAN GUARANTY GMBH. Frankfurt am Main



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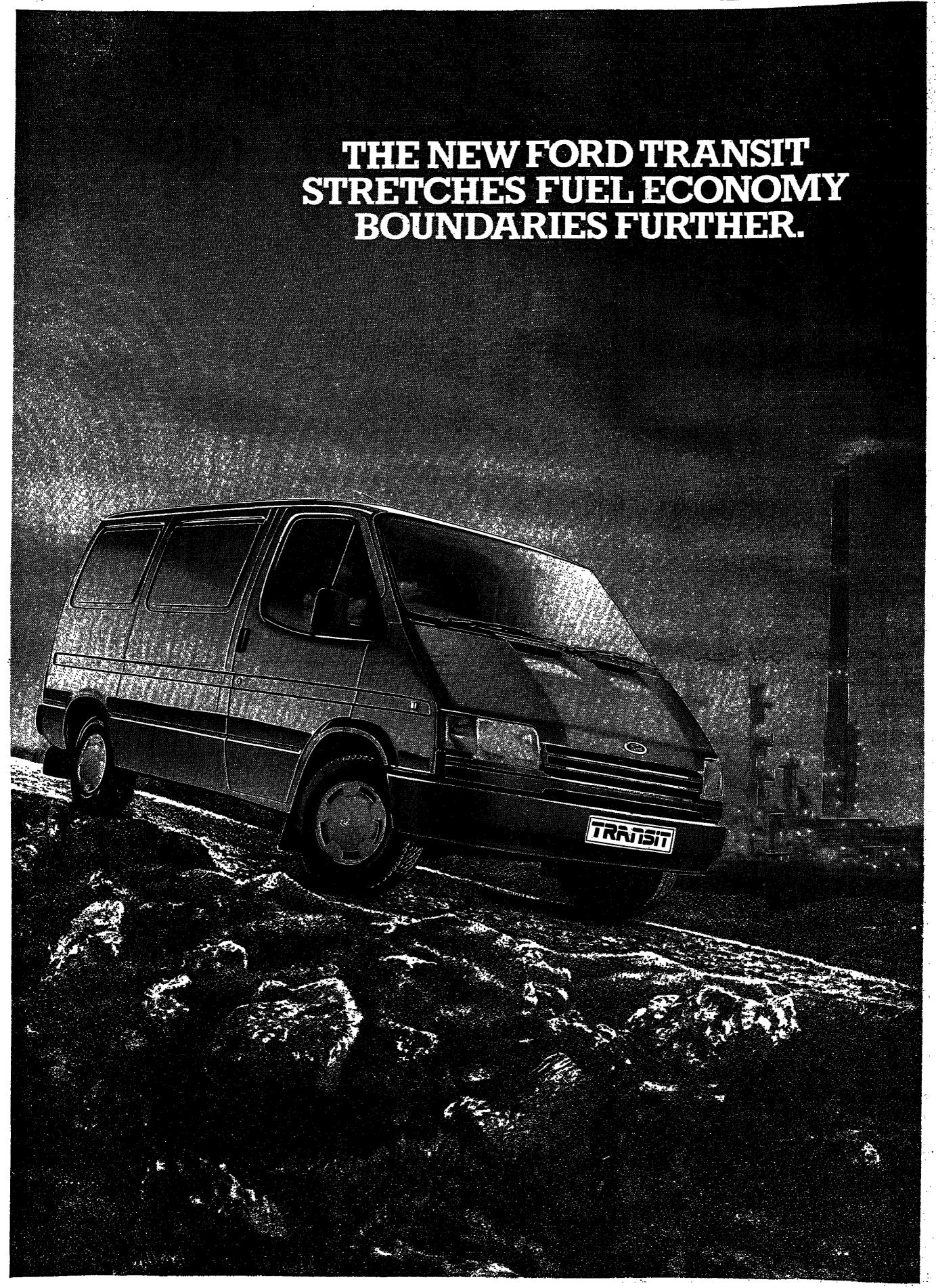
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Transit 100 Van	Constant 56 mph	Urban Cycle
25 litre Di Diesel, 5 speed gearbox. 3.9:1 axle, 185 R 14 tyres	45 mpg	34 mpg
1.6 litre Petrol, 4 speed gearbox, 1.561 axie, 185 R 14 tyres	29 mpg	22 mpg
2.0 litre Petrol, 5 speed gearbox, 3.9.1 akle, 185 R 14 tyres	35 mpg	22 mpg

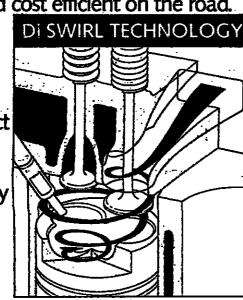
STRETCHING FUEL ECONOMY **BOUNDARIES FURTHER**

The first thing you'll notice about the new Transit is its shape. Its sleek, aerodynamic styling has given it a drag co-efficient few others can match.

This advance in itself is a major contribution to fuel economy. But it's an advance that combines with many other fuel saving features.

The 1.6 and 2.0 litre petrol engines are among the most reliable and cost efficient on the road.

The 2.5 direct injection diesel unit leads the world in diesel engineering. It's the end product of over £100m of investment in diesel technology. Its miserly fuel consumption figures have set the standard for years to come.



Add to this the versatility and economy of Ford gearboxes and you've got a cost-cutting combination that you'll find very hard to beat.

A new 5-speed box is standard on long wheelbase petrol models and available as an option on all short wheelbase models. As for the long wheelbase diesels, most of these feature a 4-speed box with overdrive.

KEEPING YOUR OPTIONS OPEN.

Needless to say the new Ford Transit is an extremely versatile vehicle.

It's available in van, chassis-cab, bus and crewbus models with seven payload options and a choice of three different wheelbases.

All models feature rear wheel drive and retain the powertrain that's already proved itself an outstanding success over millions of miles of reliable service.

UNBEATABLE FORD BACK-UP.

There are over a thousand Ford dealers across the country and each one is supported by Ford's computerised parts delivery service.

They're all part of a back-up network that is, quite simply, second-to-none.

Test drive the new Transit and you'll soon discover it's a vehicle that stretches fuel economy boundaries further.

In the success story that is Ford Transit the next chapter has begun.



THE NEW FORD TRANSIT.

Cut in inflation 'top of Thatcher list of successes'

change, bank lending and hire pur-

chase, and restrictions on office and

Mrs Thatcher also lists a whole

points to the series of proposals to

improve the management and effi-

ciency of the Government, includ-

ing the reductions in the size of the

The Prime Minister also claims

business there has been an in-

crease generally in the sources of fi-

nance for small firms." She also em-

phasises the planned increase in

expenditure by the Manpower Ser-

vices Commission on the Training

for Enterprise programme to help

this programme will increase from about £14m in the present financial

In relation to the lower paid, Mrs

that "in the improved climate for

industrial development."

their competitiveness.

MRS MARGARET Thatcher, the markets. Pay, price and dividend Prime Minister, yesterday placed controls have been abolished to the reduction in the inflation rate in gether with controls on foreign exthe past seven years as the centre-piece in a long list of her Governoffice in 1979.

Five parliamentary written answers were published yesterday, replying to questions from Tory backbenchers in which Mrs Thatcher provides a highly detailed list of her Government's record as a whole; her policies towards the low-er paid, towards the efficiency of

The intention is clearly to provide material for Tory MPs to answer the Government's critics, especially as the season of constituency party

The answers contain nothing new about new government policy since but the emphasis is significant in the stress on the reduction in inflation on privatisation and on im- policy. proving the operations of markets.

Mrs Thatcher notes that the rate of inflation is almost half the level the Government inherited, with further falls in prospect. She adds that the UK is in its fifth successive year of growth with gross domestic prodct at an all-time high.

The Government, she claims, "has restored sound public fi-

"Public expenditure has been falling as a percentage of GDP since 1982-83 and is planned to remain broadly stable at the 1984-85 level in real terms over the next three equirement in 1985-86 is forecast to account for the smallest proportion of GDP for 14 years," she says.

year to £20m in 1986-87. The Prime Minister also noted that since 1979 the Government had transferred 12 major companies Thatcher says that the co-operation and a number of other enterprises over fiscal and social security policy to the private sector. "By the end of is "a matter of great concern." She this Parliament 40 per cent of the notes that successive budgets have state-owned industrial sector we in- ensured that many of the lowest herited in 1979 should be returned paid have been taken complet out of tax, while the reformed struc

The Government has introduced ture of national insurance contribularge number of measures de- tions has relieved the burden of signed to improve the operations of contributions on the low paid.

Warship builders prepare for launch into private sector

Britain's best-known warship build-ers is today. One is the biggest and most profitable yard in the country, the other a heavy lossmaker which was at death's door just over a year

A recipe for disaster? Many peo-ple in shipbuilding would have answered "yes" last year. But while the joint sale of Vickers, the subma-rine builder in Cumbria, north-west England, and Cammell Laird on Merseyside appears to have attracted only two bidders, the outlook for both yards is highly favourable.

Vickers, which will build the sub-

series of measures to reduce regulations and to improve competition. parines for the controversial £10bp Considerable stress is also put on Trident nuclear missile prothe strengthening of the safeguards ramme, employs 12,500 people in against fraud and to ensure that the Sarrow-in-Furness and makes trading profits of some £20m a year. probity of financial institutions is

maintained without undermining nmell Laird is now in the warhip sector after a disastrous move under British Shipbuilders (BS), the yard's parent since nationalisa-Mrs Thatcher also lists initiatives in education and the social services to improve standards and opportution in 1977, into the demanding nities. In housing, the Prime Minisworld of offshore rig-building. It employs only 1,400 and loses over £6m. But it has orders stretching inter says that the number of home owners has increased by 2.25m in to the 1990s.

Britain and owner-occupation is now 62 per cent. The proportion of Together the yards could fetch young people owning their own homes is the highest in Europe. over £50m. The bidders are the management and workforce of the yards, backed by institutions, and Trafalgar House, the UK property, Mrs Thatcher makes only a brief reference to the trade union legislaconstruction, engineering and ship-ping group. The yards will be sold tion compared with other aspects of

together as Vickers Shipbuilding and Engineering (VSEL). Offers have to be in by late afternoon, with BS and Lazards, its merchant bank adviser, due to notify the Government of its choice shortly, possibly this week.

Trafalgar House, outbid by General Electric Company of the UK for the Yarrow warship yard in Scot-land, was formally deciding last night whether to bid, but it has made plain that it would like to buy

It looked late last week as if the sale could be thrown into disarray. In an embarrassing government suggested a delay in the deadline because the Trident contract still had to be completed. But the Department of Trade and Industry,

Trafaigar also interests of the went to jail."

Went to jail."

The future of their yard, there-

Bids must be made by this afternoon in the state sell-off of Vickers and Cammell Laird. Andrew Fisher reports on the prospects for two of the UK's most famous shipyards.

ing submarines, came because hard ly favours the buy-out consortium talks are still taking place over what would happen if the Labour Party gained power and cancelled

the project.
It has said it will do this but provide alternative work. The present Conservative Government has reaffirmed its commitment to Trident but the contract for the first submarine has yet to be signed. The yard's management, worried about the costs of switching to other contracts, wants compensation terms to be more comprehensive than

With the prospect of Trident, Vickers' workload looks well assured. But Cammell Laird became a subsidiary of Vickers last year - the yard has no connection with the quoted Vickers industrial company, its former owner - to make it sale-

So why should anyone want to buy a company combining a steady money profit-maker with one that has run consorti up huge deficits? Vickers is seen as tarnished by its recent labour re-

The answer has several parts: the determination of the Cammell workforce to face down militants; a tough management stance over the same issue, which sprang from a need to make compulsory redundancies; and a government reward of a much-needed frigate order. Thus Cammell Laird is no longer

the stricken animal it seemed to be pickets to keep their yard open and Cammell now leads Vickers in promix-up, the Ministry of Defence ductivity and modern shipbuilding methods.

"It was very bitter," recalls Mr Gerry Reeves, local secretary of the Confederation of Shipbuilding and handling the sale, said Tuesday Engineering Unions. I would never should remain the cut-off date.

This was after the buy-out concame up, we'd do it." Echoing his sortium told the department that its views, Mr Frank Innelli, chairman bid would suffer through delays. of the foremen's committee, says: Trafalgar also indicated that it "We've no sympathy with those who

The hitch over Trident, which fore, is of more than usual concern will be worth some £1.6bn to Vick- to the employees. Not surprisingly,

quantity to most in Birkenhead on Mersevside. But at both vards there is still scepticism about the

"We'd certainly as a body serious ly consider buying shares in our own industry," says Mr Reeves. "We like Trafalgar House think they can walk in and take over."

Trafalgar is aware that, where Cammell Laird is concerned, the events of 1984 that fused a new spirit at the yard make the company a definite outsider in the workforce

strong arguments for involving workers in the future of the yards. For the Government, wider share ownership is a key dogma, even though it will be City of London institutions that put up most of the money for the VSEL buy-out

Mr Eric Parker, chief executive of the jewel of the warship yards that the Government has told BS to privatise, but Cammell's reputation was ers and Cammell Laird, after the latest batch of submarine orders for both yards (excluding Trident

> "The business is being sold on the basis of who offers the best terms, notes Mr Parker. "I'd be dismayed if the management buy-out concept was given preference not on the ba sis of price and the terms we offer but because it was politically more

He adds, however, that he does not believe preference will be shown for mainly political reasons Trafalgar already owns Scott Lith-gow, bought from BS after it also ran up heavy losses on rigs. But it has so far failed to find new offshore business for the yard.

Those involved in the VSEL but out, headed by Mr Rodney Leach chief executive, hope the Government will be swayed by its scheme Workers have been offered interest free loans and free shares if they buy at least £200 worth themselve Shares have been offered to resi dents of Barrow and Birkenh

Royal dockyards plan, Page 22

Maxwell sacks 820 in **Scotland**

By Mark Meredith,

ABOUT 820 journalists and printer from the Scottish Daily Record and Sunday Mail yesterday decided to work normally despite being dis-missed by Mr Robert Maxwell, the newspapers' publisher.

Mr Maxwell sacked the workers

and stopped production of Mon-day's Daily Record at its Glasgow works after failure to get an agree-ment to produce an edition of the Daily Mirror for Ireland.

Mr Allen Watson, Scottish branch secretary of Sogat '82, the general print union, told a press conference in Glasgow: "We do not deem our-selves to be sacked. Our members will work normally."

Mr Mike Smith, a national offi-cial of the National Union of Journalists, said his members would also work normally. Both unions said they were prepared to negotiate

with management.

Management at the Daily Rec-ord's headquarters refused to talk

The dispute over producing ar edition for Ireland followed earlier plans by Mr Maxwell to produce a new north of England edition of the Mirror from Glasgow and to intro-duce new working practices in

Mr Maxwell wants to use the Scottish presses for his expansion because of their capacity to handle

Yesterday Mr Smith said: There is no doubt in our mind that what lies at the heart of this is change in possibly the two most successful newspapers in Scotland, the Daily Record and the Sunday Mail and that the ultimate intention - how ever he brings it about - is to intro duce the Daily Mirror into Scotland to supplant in one form or another the existing titles.

Mr Watson of Sogat produced photocopies of Monday's edition of the Daily Record which was stopped shortly before it was due to He said an unsavoury scene de

veloped in the press room where a member of Record management

spreadeagled himself in front of a mera used to make printing plates to prevent them being used The unions have pinned their hopes on public reaction to the stopping of the Scottish masscirculation newspaper and in stay-ing clear of industrial action that might be considered a provocation

Efficiency.



One reason why Cast can provide the most cost-effective transportation system to and from Canada and the United States.

The Blue Box System of Container Shipping

THE GOVERNMENTS controver- of Trafalgar House, Plessey and sail plans to privatise the manage- A&P Appledore; Vickers Shipbuildment of the Royal Naval Dockvards moved forward yesterday with an announcement by the Ministry of Defence that 13 companies wanted to tender to manage one or other of the yards from April next year.

The 13 companies, which include one US concern, the Foster Wheeler Engineering Group, were responding to the Defence Ministry's request for pre-qualification papers prior to tenders being invited in

for the five to seven-year manage- subsidiary, and Cossor Electronics ment contracts that will be awarded

ly for the management of Devonport in south-west England, the of Defence that they would expect largest of the two yards with a to form partnerships workforce of some 12,000 and annu-

and naval officers from the yards' vices. Taylor Woodrow Construction present management; a consortium and the Marconi Company.

ing and Engineering, itself the sub-ject of privatisation; and Foster

in tendering only for Rosyth, in Scotland. It has a 6,000 workforce and about £170m in annual business, mainly refitting submarines.

ternational and Thorn EMI Electronics, acting together; Balfour Beatty; the Weir Group; Press Offpril. shore; Northern Engineering and Tyne Ship Repair. MEL, the Philips are interested in both yards. Sever-December.

al of the companies, including the Six companies want to tender on- last three as well as Foster Wheeler and Vickers, have told the Ministry

Five companies told the MoD

big tax cuts in the budget on March

Although lower oil prices will cut

of this would be recouped else-

spending will be reduced in real

terms, and sales of nationalised in-

dustries could be increased above

Government borrowing in the

Professor Minford said. This, with a

slight increase in the public sector

the £4.75bn currently forecast.

Tax cuts 'still possible despite fall in oil price'

MR NIGEL LAWSON, Chancellor moved to dampen expectations of of the Exchequer, could still afford to make tax cuts almost as large as he predicted last year, despite the drop in revenue from oil taxes, according to Professor Patrick Min-

oil tax revenues by about £6bn next year, Professor Minford said £1bn ford of Liverpool University.

The overall effect of falling oil where because of faster growth in prices is beneficial to the UK, dethe UK economy. In addition, public spite the short-term effect on gov-ernment revenues, Prof Minford said in London yesterday at a seminar organised by stockbroker Lau-rie Milbank. The Government could therefore come close in this year's current fiscal year could be below budget to the £3.5hn tax cuts envis-£6bn, compared with the Chancelaged in last year's budget statelor's forecast in November of £8bn,

"Britain is essentially an oil consumer, and only marginally a net borrowing requirement above curoil exporter", he said. "An oil price of \$10 a barrel holds no terrors." The Prime Minister and the the entire £3.5bn of tax cuts origi-Chancellor have in recent weeks nally envisaged.

The companies are: Babcock In-

al ship repairing and refitting they were no longer interested.

business of about £240m. They are British Aerospace Dynambusiness of about £240m.

They are Devonport Dockyards, involving a team of civil servants

They are British Aerospace Dynamics Group, Hawker Siddeley Power Engineering, Flight Refuelling Servants

The Freight Rover workers in Birmingham passed resolutions asking to be consulted in a ballot by the Government and the company, as well as to be kept in British

Workers

sale plans

LAND ROVER and Preight Rover

workers yesterday demanded that

their companies remain in British

ownership and that they be consult-

The demands were made at mass

meetings of manual workers at Land Rover's Solihull plant in the West Midlands and at the Bir-

mingham plant for Freight Rover

which makes Sherpa vans. Both plants are part of the state-owned

BL vehicles group. The meetings, held during the lunch break, did not

After the meetings, Mr Joe Har-

ris, union convener at Land Rover.

said that the workers were over-

whelmingly opposed to any take-

over. We want to remain British

and independent and public," he

Mr Harris said there was little

buy-out option being suggested for Lend Rover, but the workforce might be forced to support that op-

disrupt production.

ed about any takeover proposals.

at BL

oppose

By David Thomas

Mr Richard Gould, Transport and eneral Workers' Union convener at Freight Rover, said: The Government and the company have screamed at us in the past about colding ballots, so now we're asking

The workers are organising a peition, public meetings and a lobby of Parliament to press their case. A delegation of union officials is due to discuss the proposed takeover with Mr Peter Morrison, Industry Minister, today.

Mr Edward Heath, the former Tory Prime Minister, warned at the weekend that the Government would pay dearly if it insisted on steam-rollering through its propos-als to "sell out" parts of BL to Gen-eral Motors of the US.

He claimed the British people were bitterly opposed to such an "unacceptable form of privatisa-

Collapse in output prompted talks with truck makers

lowest level for 35 years in 1984 and an alarmed British Governand an alarmen prussi novem-ment called together the three leading producers – BL, Ford and General Motors – to see what could be done to strengthen

The beginnings of GM's interest in state-owned BL's commercial vehicle operations date back to that time in the autumn of 1984 when Mr Norman Tebbit, then Trade and Industry Secretary, persuaded the three compa-nies to talk to one another.

It became possible, yesterday, to piece together some of the im-portant subsequent events. There appears to have been only one, brief, exploratory session be-tween BL and Ford. Both sides mickly came to the conclusion that there was little compatibility between their two commercia

vehicle ranges.
Indeed, the BL negotiators gained the distinct impression that Ford wanted to leave the heavy truck business. However, Mr Mike Hammes, Ford of Europe's vice president, truck operations, recently insisted that the group remains committed to the heavy truck business but that substantial changes

After the talks with BL, Ford started wide-ranging negotia-tions with Iveco, Fiat's heavy commercial vehicle subsidiary, about future co-operation talks which might well have an impact on heavy truck production in the

tions with GM showed that there were some potential advantages in an association between Leyland Vehicles and GM's Bedford nercial vehicle division.

Initially the talks were between Bedford and Leyland with observers from GM in the US sitting in. The two sides began by considering the potential for ex-changes of components, for example, Leyland could produce axles for Bedford and make some trucks for the GM compa

By the end of 1984 so much progress had been made that the negotiations were widened and working parties set up by both While the early talks concenthe beginnings of General Motors' interest in BL's commercial vehicles

trated on what mutual benefits there might be in putting the truck and van businesses together, BL and GM sources insist that, even at that early stage, GM made it clear it would like to look at the Land Rover operations

deal for trucks and vans had been prepared. Bedford heavy trucks would be replaced by Ley-land's new models, launched during the previous four years as part of the group's state-funded 1320m investment programme. GM could also see benefits from taking over the Freight

In June 1985 the outline of a

Rover company, which makes Sherpa vans, particularly as both Bedford and Sherpa were to replace their current van ranges in 1989-90 and could share the cost

At that stage - June 1985 - GM formally asked to look at the Land Rover company. By June, GM had formally outlined pro-posals which included the whole posals which meaning are successful and Bover-Leyland, BL's commercial vehicle division, except for the bus operations and

The deal could have been finalised and control of Land Rover-Leyland passed to GM before Christmas 1985. Mr Bob Price, executive vice president of GM's overseas group, insisted at the weekend that this was not done because "GM had to look at everything very carefully.

BL sources suggest that GM's bureaucratic structure, where proposals have to make their way through several committees, was mainly to blame for the

Similar complaints about GM's apparent inflexibility were made by executive of Enasa, the stateowned Spanish heavy truck group, which was involved in alks with GM at the same time

In both cases the situation was made worse by constant changes of senior personnel within the GM truck and bus division headquarters in Pontiac, Michigan.

ICI succeeds in appeal on tax concessions for oil companies

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

leading oil companies Shell, Esso and British Petroleum (BP) in respect of their petrochemicals opera-tions would be a breach of both En-cial valuation provisions introduced glish and Common Market law, the Court of Appeal in London ruled

In a judgment with serious implications for the Mossmorran project in Scotland operated jointly by Shell and Esso, and for BPs Grangemouth, Scotland, plant, the court held that any arrangement by the Inland Revenue reducing the amount of petroleum revenue tax payable by the companies on ethane gas from the North Sea would breach the 1982 Finance Act and be an illegal subsidy or "aid" under the Treaty of Rome.

The ruling was a victory for Im-perial Chemical Industries (ICI), which had complained that the Goverrment was favouring its petrochemicals competitors and putting at risk ICTs Wilton plant on Teesside in north-east England.

The three appeal judges granted ICT's claim for a declaration that any agreement already made between the Revenue and the oil companies was invalid.

The Revenue had throughout the agreement had, in fact, been entered into, arguing that it would be against the public interest to breach the confidentiality of a taxpayer's law.

associates. Ethane is used to make vantage over ICL

PROPOSED TAX concessions to utacture of a range of petrochemi-leading oil companies Shell, Esso cal products. ICI makes ethylene from naph-

tha, a substance not covered by speinto the 1982 Finance Act. ICI contended that its oil rivals had been enabled to reduce their tax burden, by selling their ethane to their asso-ciates at about half the market

The Government introduced the special provisions after being told by Shell and Esso that, without tax concessions, the £500m Mossmorran project would be uneconomic, with serious implications for em-ployment in Scotland. BP negotiated a similar arrangement for its Grangemouth plant.

ICI contended that the Government's valuation method produced a 1982 figure for the oil companies of only 10p per therm, when the market price was 26p per therm.

Last year the High Court held that the Revenue had unreasonably adopted a wrong approach for the valuation, which produced a figure well below the market price, in breach of its obligations under the

However, the High Court refused to make a retrospective declaration case refused to say if any such invalidating any agreements, and also rejected ICI's contention that the tax concessions amounted to illegal subsidies under European part in them.

ffairs.

Ruling in ICTs favour on both ments beyond its legal powers and
The case concerned the price at counts, Lord Oliver said yesterday in breach of its duty, that was, no which North Sea oil companies can that it was plain that the oil compa-doubt, very embarrassing, and sell ethane to their petrochemicals nies had wrongly been given an admight give rise to questions be-

of distorting competition by favouring the oil companies, that was an "aid" banned by Article 92 of the Treaty of Rome.

The purpose of the valuation provisions had been to enable Shell

and Esso to go ahead with Moss-morran and thus to encourage a business that would compete with

If the 1982 Act were correctly applied, the oil companies would be competing on the basis of a legal obligation to pay petroleum revenue tax assessed on the market value of ethane. The improper remission of tax must distort competition by fa-vouring the oil companies at ICI's

Lord Oliver said that the conclusion that the tax concessions constituted an "aid" was inescapable; but, he added, it was for the European Commission and not the English court to say whether it was an aid compatible with the Common Mar-

It had been argued that the oil companies had made a substantial investment on the "legitimate ex-pectation" that their Petroleum evenue Tax (PRT) liability would be approached in a particular way. Lord Oliver observed that the oil

companies had known of the court proceedings and chosen not to take If the Revenue had made agree

tween it and the oil companies that If a state agency knowingly per- would have to be resolved.

Pirelli merges tyre businesses

PIRELLI will announce today the wholesaling of all branded tyres, the Italian tyres and cables group's nerging of its vehicle tyre distribu- not just Pirelli's. tion, wholesaling and retailing businesses in the UK.

The merger of Central Tyre company with Standard Motorist Centres – the latter acquired from Quinton Hazell late last year - is aimed at creating a national tyre aftermarket network to rival in size Michelin's ATS chain and second only to Kwik-Fit, the tyres, exhausts and batteries concern which

is based in Edinburgh, Scotland. CTC has 122 UK outlets, involved primarily in the distribution and

SMC has 145 outlets devoted ex-clusively to the retail market. Kwik-Fit, the largest UK aftermarket concern, has some 310 outlets, planned to increase to 350 by the end of this

adopt SMC as its operating name, under the chairmanship of Mr Jack Earl, previously chairman of CTC.

It is separate from CDK, another

other products, including motor

This latest move by Pirelli's UK subsidiary is part of an international group strategy intended to inte-grate its vehicle tyre operations in all major markets, from original equipment supplies to manufactur ers to private end-users.

• The Lucas Girling developed "cheap" anti-skid braking system is to be a £315 option on the revised wholly owned Pirelli subsidiary. Ford Escort and Orion range, which which specialises in distribution of goes on sale on Friday.

"Astonishingly precise."

VICTOR VOEGELI SALES MANAGER CERTINA **SWITZER! AND** 100 FLYING HOURS A YEAR.



For the last three years, SAS has been the most punctual airline within Europe. That's service we don't charge any extra for. Same goes for our generous legroom, our wide, comfortable chairs, free drinks, wine and champagne, not to mention access to our Scanorama Business Lounges at 18 airports around the world. it's all included in the normal economy fare whenever you fly SAS EuroClass or First Business Class. Welcome aboard!



When the war was over

ment next month is being marked by an extensive and ambitious exhibition which he husself has selected. himself has selected and

Forty Years of Modern Art 1945-1985 fills all the usual gal-leries on the modern side, absorbs the Rothko room and absorbs the Rothko room and takes over the whole of the achievement of these last 40 years, on a purchase grant that Rotunda. It is open every day stood at £2,000 in 1946 and until April 27 except for Good Friday, and admission is free. Rather than a catalogue, a useful handbook has been prepared, priced at £5.95, for the duration of the exhibition, in which Mr Alley introduces his show phase by phase, room by show phase by phase, room by

Thus from one of the closest of professional observers we get a personal account of the general progress, diversity and creative achievement of modern art in what have been difficult. times. Furthermore, since the exhibition is drawn entirely

with those of Paris and New York as the best in the world. That this has been largely the achievement of these last 40

chosen too soon, or forced upon the Trustees too late and too expensive, is legitimate. It is the fruit, perhaps, of preferring an orthodox committee process to a delegated and accountable decision, when funds are tight disregarded may shine out exhibition is drawn entirely and the public generally unsymptom the Tate's own stock of post-war art, we get something of the substance and extent of that collection itself.

The collection is hardly Mr Alley's own creation, but as its nothing like the ensuing controlated in for an engaging the substance of the substance and extent of that collection itself.

Ronald Alley joined the Tate may rail against certain things callery in 1952 upon his gradu-which have been bought for us ation from the Courtaild Institute and for the past 20 years that have been missed, we can have been the Keeper of the not overlook the fact that this most received in 1965 for some fact that this retirement next mouth is being the following the fact that the House about the extrava-

The Tate has a split personality wished upon it by statute, but in its aspect as a Museum of Modern Art it stands lished long before, even though they continued to work well into his period.

What he has chosen to show

us both fuels and answers that other hoary criticism: that too much of what is bought with our money is kept hidden away in the cellars. Of course it is. Modern Art is ever with us and the Tate's role must be to moni-tor quite as much as to be critical and celebratory. A space sufficient now would soon be international representation,
The criticism that too often enough space, to show everythe lesser work was freely thing would be tedious and thing would be tedious and crass. The significant is not always immediately obvious, the more attractive not always the best, the lines of analysis and judgment never fixed; and what has lain long and rightly



'Girl With a White Dog (oil on canvas) by Lucian Frend

Wham. How right that Tachism and the work of the Cobra group of the 1950s; that the kinetic art of the 1960s which has sat so long in the cupboard; that early British expressionism, both figurative and abstract, should be brought out once more to challenge the longstanding American critical

Ellsworth Kelly's elegantly had suffered such exaggerated Fortune Teller; and, most re simple scarlet Broadway, Klein's claims, and to Western art as immaculate ultramarine monoa whole. Many of the physical by Renato Guttuso of 1960, late juxtapositions — the view from one gallery through to the next -makes the point exactly, none more so than the first room (42) which is given over to Europe at the end of the war with work that seems stronger by the month. An angst-ridden nude Job, by Francis Gruber of 1944; Reg Butler's recon-

by Renato Guttuso of 1960, late as it is, are among those that here hang together.

Through the doorway (41) we come abruptly upon the con-temporaneous artists of New York in its heroic age: Gorky, Pollock, Still, Newman, Guston, Nevelson, and de Kooning, who seem quite as good but less revolutionary than before. This is not to denigrate the American Alleys own creation, put as its nothing like the easing control rate is in for an engaging standing American structed majority to elevate the European is virtually his own, so his versy for sapping the institution saunter down Memory Lane as the comes upon the long for decisive over the years. Lately has eatalogued it all with many magnificent things of the long for and the familiar: Pol Bury's cular benefit of American structed majurate the American begemony.

Judgment is more openly known Political Prisoner; and benefit of American extraordinarily able and engaging standing American structed majurate the American begemony.

Judgment is more openly known Political Prisoner; and but simply to elevate the European, as the show does throughly the comparative now, to the particular benefit of American extraordinarily able and engaging standing American structed majurate the American comparative now, to the particular benefit of American between the European and the familiar: Pol Bury's cular benefit of American between the European and the familiar: Pol Bury's cular benefit of American between the European and the familiar: Pol Bury's cular benefit of American between the European and the familiar: Pol Bury's cular benefit of American between the European and the familiar: Pol Bury's cular benefit of American between the European and the familiar: Pol Bury's cular benefit of American between the European and the familiar and the f

Andrew Clements

BBC Invitation Concert/Maida Vale

intensely prolific composer, but his major orchestral scores are relatively few. One of the most successful of them in my memory had been Sea and Sky, which the London Philharmonic commissioned and first performed in 1980. Second performances of orchestral works are even more difficult to obtain than premières nowadays, but the BBC Symphony Orchestral performance of his Piano Constitution of his Piano Co the BBC Symphony Orchestra conducted by Peter Eötvös did revive Sea and Sky on Saturday,

Michael Finnissy is an

the return of the opening turbu- "hint of choruses of protest" lence is delayed too much.
Otherwise, though the pacing is thoroughly convincing.
Finnissy (born 1946) shared the programme with two of his European contemporaries, Christian Delonated Interest and In

performance of his Piano Con-certo, completed last year, which left rather a bewildering to begin an Invitation Concert impression. It is built in two in the BBC's Maida Vale movements, both with inten-

more rounded sense of his musical personality.

Scored for flute and chamber orchestra, Antiphysis by Du-fourt (born 1943) is already ties of form and Schubertian beauties of line the Borodin gave a quite wonderfully relaxed and glowing demonstration.

In the two early pieces for string octet — portentous neobachian Prelude followed by exaberant, — high dissonance Schezo — the Borodin was joined for the occasion by the Fitzwilliam Quartet, which had given (in 1979) London's previous Schotakovich cycle. Many empty seats. No doubt, when word gets around, there will be few.

Hall

Hall

It the BBC's Maida Vale movements, both with intentionally evocative files. — Time and Tides, "Finale, and Epiles mot files," "Finale, and Epiles and Tides," "Finale, and Tides,"

Fortunio/Avignon Ronald Crichton

ing with talent. As a composer for the theatre he delighted a wide public as well as fellow-musicians like his teachers Saint-Saëns and Fauré, even

sain Saens and raure, even such a choosy younger colleague as Debussy. He was at various times musical or absolute director of Covent Garden, the Paris Opéra and Opéra-Comique. He championed Wagner and Debussy's Pelléas, of which he was the first of which he was the first With all those cards in his and, he knew his limitations.

Any great ambitions he may have had for his own music were firmly stifled. Operetta, ballet and comic opera were his line. He wrote with masterly concision and transparency, the polish almost concealing a degree of harmonic sophistication which, more rawly presented, might have disconcerted the public that adored him for Véronique and other muchperformed favourites.

Fortunio (Paris, 1907), given at Avignon as part of an operetta season, is in fact a through-composed comic opera. The source was Alfred de Musset's comedy Lc Chandelict about a young lawyer's clerk persuaded to act as "chande-lier" or "cavliere servente" to the lawyer's wife Jacqueline so that his assiduous attentions may draw Maître André's suspicions from her lover, Captain Clavaroche from the local garrison. Fortunio falls head over heels in love. Having made selfish use of the boy. Jacqueline tires of her hussar, realises what has happened and is ready to reward Fortunio.

Musset's touch is light, free, swift, not sentimental. Messager's librettists Calllavet and

Fiers were practised Parislan playwrights of the day. They expanded the three short acts to five, conventionalising and vulgarising treatment and situation. One of their acts was dropped at an early stage. Messager's biographer Augé-Laribé ungallantly suggests that it was too hard for Marguerite Carré, wife of the then director of the Opéra-Comique, who in her usual way had secured the chief female role for herself.

The new, expository first act and the party scene added to the third contribute little to the drama beyond giving the ing of Henze's Boulerard Solichorus something to do. tude, not an opera we often hear Musically they are not wasted this side of the channel. There because in the most unlikely situations Messager will flatter d'Ys and Don Quichotte. The the ear with dips and swerves Paris organisation responsible into post-Tristan harmony. The for the main network - of second act, in Jacqueline's regional opera houses rightly room, is another matter. Here ensures that the native reperevery bar is a pleasure to hear, tory is not neglected. The likes

André Messager was an excep- conversation to fluent music. In tionally well-equipped musician the last act the librettists at a time when Paris was burst-sacrifice Musset's beautifully sacrifice Musset's beautifully ironic close to a sentimental-isation of adultery as false as a conventional happy end. Yet Messager, whether his Opera-Comique public would have followed him or not, had just the kind of talent to meet Musset on his own ground.

Gérard Boireau's production (staged by Claude Milon) has istaged by Claude Milon) has no doubt been seen in other regional centres. The sets, unflatteringly attributed to Wakhevitch, have been crudely repainted. The period chosen (not by the authors) is — yet again — 1900, which should be banned from the French stage by general agreement for at least 20 years. Fortunio deserves more distinguished presentation. In compensation the orchestra under Robert Martignoni, a seasoned, leonine conductor as sparing and effective of gesture as Monteux, responded with alacrity to Messager's beguiling score. One doesn't always hear playing of this quality in the French provinces

The roles of Jacqueline and Fortunio, with their extended duets, place the work beyond the operetta category. They were well taken by Pierrette Delange, a soprano whose high notes are not glassy in the French soubrette manner but soft, and the tenor Thierry Dran. Though he sang his two solos charmingly ("La vieille maison grise" must have brought a lump to many an elderly throat). Dran is not quite the slip of a boy the role needs. Massenet would surely have used a travesti. Messager's collaborators demurred, condemning Fortunio to perpetual casting difficulties.

The lawyer's part, needlessly extended, perhaps because the first Maitre André was the eminent baritone Fugère, was amply filled by Alain Vernhes. Clark Landry, originally played by the first Pelléas, Jean Perier, was brightly sung by Jean Pomerez. Jacques Trigeau was suitably sonorous as the vainglorious Calavaroche. The pleasant municipal theatre at Avignon glows once more with renewed red plush and polished brass rails.

enet in the art of setting allowed to fade away.



Trigeau behind

Borodin Quartet/Elizabeth Hall

Max Loppert

In seven concerts, the final plete masterwork on its own the players never strove for placed exactly a month after account—one of the most sub-mere "effectiveness," and bethe first, the Borodin Quartet stantial of the 15, and a remark-cause the genuine conversais undertaking the complete set able early example of that of Shostakovich string quartets. Suite-like, five-movement version of symphonic argument that Shostakovich made so determined by every one of its start; it was the sort of recital peculiarly his own. After such that made one reluctant to a performance of such a work.

Sunday afternoon a sublime that Shostakovich made so determined by every one of its parts.

This was mastery, So, though leave the hall, desperate to one could hardly complain that hear all 15 quartets in quick succession. If such standards the concert lacked weight. .. The mature Borodin manner of playing Shostakovich com-bines amplitude, marvellous reare maintained foroughout the

series, it will surely prove one of the most prized events of strained richness of sound, and endless patience about making the Laudon musical year. musical points. The frenzied, hard-edged rushing too often deemed appropriate for this An opening concert of any Shostakovich quartet cycle properly begins, as this one did, near the beginning; and so, because the special features of composer was light years re-moved: in particular, extraordinary subtlety was shown in achieving the staccate spikiness the texturally rarefied psychologically agonised final masterpletes are no more than of the Scherzo—without the distantly pre-figured in the early works, the experience of with a myriad range of glanc-inots implications. rt was nothing ingly ironic inflexions.

like as dark overall as these forthcoming are bound to be. (in glorious portamento vious Schotakovich cycle. Many Yet the Third Quartet, Op 73 phrases), yet breadth was in F, with which the Borodin set off the great journey, is a comcontained intensity. Because few.

This was mastery, So, though the work itself is less elevated,

interval of the First Quartet (Op. 49 in C). — the work of which the composer said, "I would call it a "Spring quartet," and of whose Haydn-like felici-ties of form and Schubertian

Brendel's Liszt/Festival Hall **David Murray**

On Sunday afternoon Alfred al fresco sketches—"Pastorale," rendel addressed himself to "Eglogue" and "Sposalizio" te first two books of Liszt's (which, as promised in his own Brendel addressed himself to the first two books of Liszt's Annees de pelerinoge, the Swiss and Italian "years" (the latter without its "Venezia e Napoli" pendant). In past years Brendel has made a colossal impression in much later, blacker Liszt; one wondered how he would fare in this less searching, more familiar music.

Searching, more familiar music.

A well-known tendency toward fitter virtuosity that can enkindle point-making, and a certain it), he made "Vallee d'Oberdisdain for magical keyboard mann" a magnificent canvas, effects, are not ideal traits for tellingly weighted and of great effects, are not ideal traits for breadth. a performer of the Annees.

BASE LENDING RATES

In the event the recital was thoroughly satisfying, with the best playing divided between the sombre mood-pieces like "Au lac de Wallenstadt" and three Petrarch Sonnets were "Il Penseroso," and the pretty successively more beautiful, structure wasn't compromised. I shall chiefly remember, none the less, some of the Swiss pieces as intimate revelations. Somehow Brendel conveyed the impression of a single observer behind each ginette.

Single particle of the second

ending with an exquisitely suspended "I' vidi in terra angelici costumi." The "Dante' Sonata has long been a Brendel speciality: it began this time with a stern, deliberate pro-logue and a dusky, properly suppressed Presto agitato. The ppp idyli in the middle was lovely as ever; thereafter the figuration and the furious octaves were not quite brilliant enough, smudged by many little finger-slips. The whole piece was of course rigorously shaped, and the dramatic structure wasn't compromised.

Shostakovich/Barbican Hall

Andrew Clements

The London Symphony Orchestra is currently playing very that not all that nervosity is well indeed. The form it often channelled directly into the reserves for high days and holidays was evident in the music-making. The Overture 4. last week, and again on Sunday, when it was conducted by

expressive; alertness and conthe central movements, a her a little fainthearted; it was,
centration ensured accurate vividly pointed scherzo and
responses to a conductor whose garishly coloured, nightmarish when Maxim Shostakovich
gestures are always expansive funeral march, the dramatic really allowed the orchestra its
and full of nervous energy.

days was evident in the Rozh. Rienzi was vivid and brittle— that makes up so much of the destvensky series, that ended hard to see how any account of the opera itself could have approached its excitement. In while her technical facility was Maxim Shostakovich in Wagner, Mahler's First Symphony, how- a persistent delight in both the Mahler and his Father's First ever, the enthusiasm sometimes scherzo and the big cadenza Violin Concerto.

ever, the enthusiasm sometimes scherzo and the big cadenza became disruptive: the first that links the third and fourth Violin Concerto.

The sound was not especially invariant—the Barbican Hall huxuriant—the Barbican Hall does not encourage tonal splendour—but it was full-bodied peaked 10 minutes too soon, In demand a heftier attack found the sprease in the first that links the third and fourth movements. Yet in both those movements the passages that demand a heftier attack found the sprease in the first too soon, In the first that links the third and fourth movements. Yet in both those movements the passages that demand a heftier attack found the sprease in the first too soon. In the first that links the third and fourth movements the passages that demand a heftier attack found the big cadenza that links the third and fourth movements.

Viktoria Mullova was the concerto soloist. She handled the quiet introspective music that makes up so much of the and fine-spun, silvery tone,

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/ Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Feb 21-27

Opera and Bailet PARIS

Maurice Béjart's 20th century ballet Dionysos danced to traditional Greek music and to music by Manos

Hadjidakis, Richard Wagner, Palais des Congres – Porte Maillot (42662075).

NETHERLANDS

The National Ballet: the pas-de-deux from Le Corsaire, Room at the Top by Rudi van Dantzig, and Corps, a new ballet by Hans van Manen. Mon in Tilburg, Schouwburg (432220), Tue in Apeldoorn, Orpheus (211889), Wed in Venlo, Maaspoort (43131), Thur in Heerlen, Schouwburg (716667).

Rotterdam, De Doelen; Racital Hall: The London Baroque Dance Theatre with dances choreographed by Stephen Preston from the Commedia dell'arte and to music by Handing Commedia

dia dell'arte and to music by Han-del, Lully and Mozart. Mon in Rot-terdam, De Doelen (142911), Tue in Utrecht, Vredenburg (314544).

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Lyons Ballet: Cinderella, choreo-graphed by Maguy Marin. Cirque Royale (2182015).

WEST GERMANY

BRUSSELS

Frankfurt, Opera: Eugen Onegin has Benjamin Luxon in the title role. Der Wildschütz stars Josefine Engelskamp, Ryszard Karczykowski and William Workman, Hoffmann's Erzählungen features William Cochrane in the title role and Sarah Al-neson as Olympia. Also Die verkaufte Brant and Der Zigeunerbar-

Schneider takes over the baton in Götterdämmerung. Otello stars Ga-briele Benackova-Cap, Bernd Weikl and Vladimir Atlanton. Also Viva la ma. (20321).

Parma: Teatro Regio: Gounod's Faust conducted by Alain Guingal and directed by Beppe de Tomasi, who also did the scenery and costumes. In the cast Anna Maria Gonzales, Roberto Coviello, Alfredo Kraus. (195678).

Naples: Teatro San Carlo: Andrea Chenier by Umberto Giordano conducted by Romano Gandolfi with Nicola Martinezo: Giorgana Casolla.

cola Martinucci, Giovanna Casolla and Piero Cappuccilli. Carlo Maes-

and Piero Cappuccilli. Carlo Maestrini directs and the scenery and costumes are by Lorenzo Chiglia. (418266). Theste: Teatro Comunale Ginseppe Verdi: The Pesaro Rossini Festival production of La Donna del Lago conducted by Maurizio Arena, with Lella Cuberli, Lucia Valentini Terrani, Vito Gobbi and Luigi de Corato. The scenery and costumes are by Gae Aulenti and Ugo Tessitore directs. (631948). rects. (831948).

Turin: Teatro Regio: Verdi's Un Ballo in Maschera (Teatro Comunale of Plorence production) conducted by Donato Renzetti with Maria Chiara (alternating with Lorenza Canepa), Carmen Gonzales (Stella Silva), Taro Ichihara (Ottavio Garaventa), Patrizia Pace and Juan Pons. Scenery and costumes by Giuseppe Crisolini Malatesta, (548 000).

SPAIN

on. (25621).

Stuttgart, Wurttembergische Staatsoper: Loriot's first opera production stars Krisztina Laki, Waltraud Meier and Helmut Berger-Tuna. Peter and Helmut Berger-Tuna. Peter and Helmut Berger-Tuna. del Licen. Sant Pan 1. (3189277). Las Palmas: La Traviata. Title roles

Katia Riccierelli, Maurizio Frusoni. Juan Pons and Maria Uriz. Teatro Perez Galdos, Plaza Stagno. (381509). LONDON

English National Opera, Coliseum: Graham Vick's "new-look" produc-tion of Madam Butterfly – both ton of Manam Butterly - out striking and irritatingly modish - comes back with the Polish soprano Magdalena Falewicz in the title role. Further performances of the splendidly cast La Bohème - Masterson, didly cast La Bohème - Masterson, Barstow, Davies, Summers, conductor Mackerras - and of Jonathan Miller's "dream-in-a-library" Magic Flute, a dry, unmagical concept given a surprising amount of theatrical vitality by an excellent cast (including Benjamin Luxon's masterly Papageno) and by Peter Robinson's gently musical conducting. (836 3161). gently (836 3161).

VIENNA

Startsoper: Luisa Miller conducted by Buckley with Gasdia, Yachmi, Sima, Burdzuladse, Pavarotti, Bruson, Rydl, Aichberger: Manon Lescaut conducted by Sinopoli with Tokody, Hintermeler, Weitl, Bartolini, Rydl, Gahmlich, Maly, Wildhaber, Pita, Sramek. Götterdämmerung con-ducted by Prick with Vinzing, Balev,

Ludwig, Lilova, Yachmi, Hass, Poschner, Hintermeier, Gonda. The Marriage of Figaro conducted by Zagrosek with Janowit, Mathis, Hintermeier, Gonda, Sasaki (5324/2855).

Volksoper: Nikolai's Merry Wives of Volksoper: Nikolai's Merry Wives of Windsor conducted by Boncompagni with Sharp, G. Bokor, Ottenthal, Schnapka, Gutstein, Ruzicak, Soco, Kraemmer, Baillie, Jenewein. Nedbal's Polenblut conducted by Bernet with Kales, Gordon, Kutschera. Der Opernball conducted by Boncompagni with Mottl, Ottenthal, Kales, Martikke, Loewinger, Schmid. Zeller's Der Vogelhändler conducted by Bauer-Theussl with Lambriks, Loewinger, Klein, Kiesling (5324/2657).

NEW YORK

Dance Theater Workshop: Performance artist Mary Luft presents lo-cal premiere of In the Key of West II, a high-tech amalgamation of video, theater, dance and visuals about the history of Key West, Flori-da. 218 W. 19th St. (9240077).

Metropolitan Opera The week fea-tures Samson in the joint Covent Garden production by Elijah Mosh-insky with costumes and sets by Ti-mothy O'Brien, conducted by Julius Rudel with Leona Mitchell as Dali-la Kiri Ta Kanana and Leo Vickers la, Kiri Te Kanawa, and Jon Vickers in the title role. The week also includes the first seasonal performances of Simon Boccanegra with Anna Tomowa-Sintow and Sherrill Milnes and the last seasonal performance of Romeo et Juliette with Catherine Malfitano and Neil Shi-coff in the title roles, conducted by Sylvain Cambreling. Lincoln Center (3636000).

Saleroom/Antony Thorncroft

Antico's bust tops $£\frac{1}{2}m$

busts continues in the auction £75,290. rooms, with Sotheby's in rooms, with Sotheby's in Top price among the pictures Monaco over the week end was the £204,360 from an Pier Alari Bonacolsi, known as " L'Antico."

In all, the furniture totalled £2,311,046 (FFr 23.84m) but with 25 per cent unsold. This high bought in percentage can be partly attributed to the other star lot, a carved oak console of around 1730, failing to find a buyer. The console is attributed to DuGoullon and is believed to to DuGoullon and is believed to have graced the royal apart-ments of Louis XV at Versailles. Sotheby's was hoping to sell it privately after the auction.

A rococo microscope by Alexis Magny, made around 1750 and still in its leather case. sold for £81,744, and the same sum secured t Louis XIV commode. Another bust from Valencey, this time a Venetian one of 12 of which are now 16th century bronze of the mostly in museums.

The extraordinary interest in emperor Caracalla, did well at

Monaco over the week end attracting a bid of £537,790 for English dealer for an animated abronze bust of a young man confidently attributed to the early 16th century Italian artist Biar Alari Ronacolsi, known as was double the estimate.

The exceptional price is currently a strong market and accounted for by the rarity of £172,093 was paid for a bouquet the object and its excellent by Anne Vallayer-Coster. A provenance: it comes from the chateau of Valencay in the Loire and the collection of the Duchesse de Talleyrand et Sagan.

In all, the furniture totalled

The cheapness of Old Master paintings was confirmed by the price of £96,802 which secured an early work by Tintoretto,
"A concert on Mount
Parnassus." This scene of the
gods and goddesses at play was
originally the top of a spinette
and was probably painted
around 1545.

An album of studies by David, consisting of 98 drawings from his first visit to Rome from 1775-80, sold for £166,715 to a New York dealer. The drawings plot his development as a neoclassical artist. The album is

nesk

programme-notes, he brought convincingly close to Dubussy). Brendel chose the earlier ... sion of "Les cloches de Geneve" and made it feather-light and charming. If the fusilan "Craze" sounded no more distinguished than it usually does (and in

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Tuesday February 25 1986

Reagan raises the stakes

THE TWO superpowers seem to nuclear exchange. Since the be trying to outdo each other 1979 decision, Nato has within advancing large declaratory drawn a significant number of elimination of nuclear weapons. Mr Mikhail Gorbachev has proposed the complete elimination of Soviet and American Inter-mediate-range Nuclear Forces (INF) from Europe and European Russia, but not the Soviet SS 20s deployed in Asia together with a freeze on British and French strategic nuclear

President Reagan has countered with a proposal for the total elimination of all Soviet and American INF missiles, whether in Europe or in Asia, phased over a three-year period; and without any constraints on the British and French forces.

More equitable

It is not yet clear how much seriousness should be attached to either proposal: the public or semi-public exchange of messages between the two leaders obviously contains a significant public relations inand the purely chaff will only be winnowed out at the negotiat-Yet even at the level, President counter-proposal is preferable, because it is more far-reaching and more equit-

In Europe, some reservations have been expressed at the prospect of the removal of all the American Pershing 2 and cruise missiles. Nato's 1979 twin-track decision — deploy and/or negotiate—spawned a long-drawn-out and politically bruising controversy in most of the basing nations, until deployment actually started at the end

European governments were persuaded, or were persuaded to tell their electorates, that these new American weapons were required, not just to counter the Soviet SS 20 missiles, but as an essential link in the chain between the short-range battlefield weapons in Europe and the strategic deterrent in the US. They might find it embarrassing to explain that these new missiles are not after all as necessary for deterrence as was once claimed

This reservation is not entirely ill-founded. In recent years, there have been growing doubts about the theoreti-

plans for the reduction or very short-range battlefield weapons, while growing aware-ness of Soviet strategies of rapid movement has prompted a search for methods of deep strike against rear echelons either with smart conventional weapons or with longer-range

> West's arms control posture. The presence of land-based of the Euromissiles can be taken over by other missiles on calculable risks which that must pose for any aggressor.

Proliferation

The US makes important caveat: the Soviet Union must not be able to circumvent an interim Euromissiles deal by the proliferation of other, shorter-range weapons in eastern Europe. But the Euromissiles should be viewed, not just as a narrowly military capability, but in the context of the prospects for strategic stability, for arms control negotiations, and for a degree of rapprochement between the two superpowers. A world in which real progress was made on these fronts, after so many years of frost, would be by definition less threaten-

Mr Gorbachev may not neces sarily like President Reagan's counter-offer; in particular, he may not like Washington's refusal to offer any constraints on the British and French forces, though he cannot have been surprised by it. But at the level of public debate, he can hardly do other than welcome those elements which seem posistrategic umbrella, as well as either side can only be tested about the controllability of any in the negotiations.

Securities law changing shape

unprepared and by a very roundabout route.

(and under the present Govern-ment presumably would be)

Hiving-off

Trade and Industry's responsi-bilities is partly that a non-statutory body would have much greater freedom to create and develop its rule-book outside the clumsy and rarely changeable statutory framework. Also,

As originally presented, the board would exercise its dele-gated powers flexibly through a network of self-regulatory or-ganisations (SROs) which in sequently the board would only be able to impose changes by agreement or by taking an SRO

The reasoning was that lead- all the argument so far about ing practitioners would not how to strengthen central take on the burden of running direction in a diversified regu-SROs unless they were given real power. If they could not their members' requirements, but were just rubber-stamping discussed how to bring flexi-

nuclear missiles. Nevertheless, the political sig-nificance of the American Euromissiles was always greater than their military rationale, and it is political considerations which should dominate the

INF missiles in European countries may have some "coupling" effect between the two halves of the Atlantic Alliance; but their main importance has been to show the Russians that, in the face of the provocative deployment of SS 20s, European Nato was able, at the end of the day, to stick together. Moreover, the credibility of the US guarantee lies less in the deployment of specific weapons systems—the military function submarines — than in the presence of a large American army in Germany and the in-

will be reluctant to hand out indemnities to private sector bodies over which it has little

direct control.

Lobbying is bound to be stepped up considerably from

At the same time the DTI

latory structure may prove to

would have been better to have

begun at the other end and

THE FINANCIAL Services Bill to juniors, or even back to the was launched just before Christmas as an exercise in devising a delicate balance of regulatory power. But already criticism of this approach and several important concessions have been made by the Government in the committee stage of own rules on an SRO (though the bill, and more are being in what circumstances is not yet demanded. It now appears that clear). In the same way, the the final regulatory framework board is to have the power to for the UK investment indusintervene in setting the rules try may involve the creation of of processional bodies like a body not so different from a solicitors and accountants in full-blown self-standing securi-relation to the investment acties commission. And if this is so, it would surely be better to accept this at an early stage rather than to arrive at it late, tors. One of Isro's complaints is that top practitioners are unlikely to want to join its

As it stands, the bill still provides that regulation of the investment markets could be delegated to a self-financing private sector body, a successor to the Securities and Invest-ments Board.

The justification for this hiving-off of the Department of the body's personnel would not be civil servants, and there-fore would not be subject to Civil Service pay rates, while the budget of the body itself would not be open to Treasury

has experienced repeated ministerial changes. Mr Paul Channon is the third Secretary of State to be in charge of this legislation, Mr Michael Howard the second junior minister. There must be a possibility that the sense of political direction will be lost, and that the final version of the Bill will be quite inconsistent with the aims of turn would have significant powers over their own mem-bers. The SROs would initially have to have their rules ap-proved by the board, but subthe original White Paper. The point is that it will only require a comparatively few oute subtle changes in the Bill for the SIB to have been turned into something which amounts to an investments commission. Is this the way that the Government is thinking? If so,

special consideration to the board's own rules, they bility of operation into a might as well hand the job over statutory commission.

the Soviet Communist Party meets in Moscow today it will mark the culmination of three years of change for the men who rule the Soviet Union. By the time the Congress ends in 10 days, it will have chosen a new 319strong Central Committee, the body which holds ultimate authority in the ruling party The importance of the Con-

gress, which meets every five years, is that it provides the leadership with its only opportunity to change or to ratify earlier changes in the composition of the central commitee. The top post-holders in party. administration and party. administration and armed forces—are traditionally changed in the run up to the Congress, where they are formally elected to the Central

powers in the Soviet Union powers in the soviet omon-authority is concentrated at the top of the Communist Party— the composition and quality of this leadership are of vital im-portance to the successful runportance to the successful run-ning of the country. With state monopolies directing the economy and society, the im-pact of undistinguished leadership is far more devastating than it would be in the US or western Europe, where key areas of national life are outside central control.

The impact of lacklustre leadership became all too evident during the last 10 years of President Brezhnev's rule. It is not surprising that Mr Mik-hail Gorbachev has moved as fast as possible to renew the upper ranks of the party and government in the 11 months since he became leader. If President Chernenko, his predecessor, had lived a year longer, Mr Gorbachev would have been stuck with a Central Committee composed mainly of the rump of the Brezhnev In fact, some 158 or half of the full time members of the Committee have been retired or demoted. or demoted. He has moved much faster than expected: eight of the 11-strong Politburo have been appointed since 1980 and two thirds of the 159 regional Communist Party chiefs have been changed since the death of President Brezhnev

At regional party congresses up and down the Soviet Union in recent months old party chiefs, some of them in posince the early 1950s, have been toppled. Some have re-tired silently but many have been publicly demoted. Criti-cism has varied but three charges against local leaders were levied repeatedly: incompetent economic management, an easy-going attitude to cor- least 50 per cent of new ruption and the creation of a members this year, though network of proteges to buttress their rule.

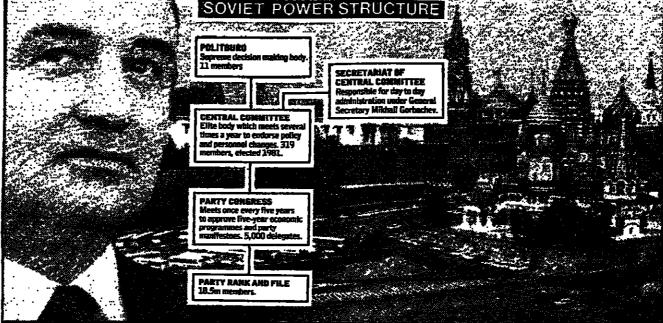
Not all these men have fallen. For instance, Mr Dinmukhamed Kunaev, aged 74, remains a full members of the polithuro, A close associate of Mr Brezhnev Economic and political failures, officials or introduce some form the paper said, were "deliber- of retirement age.

ately hushed up or distorted in In any case, it has taken Mr

—Yeotushen ately hushed up or distorted in all manner of ways by exaggeration and deception—something that was not hard to do in an atmosphere of toadyism and deception." To drive the point home, the Congress noted that the head of the Kazakh Academy of Sciences, Mr Askar Kunaev, half brother of the party leader, has "practically withdrawn from work."

The change to a younger generation in the Politburo and Central Committee was inevit—

In any case, it has taken Mr Gorbachev only a year to end the leadership crisis which progressively paralysed Soviet decision-making after 1975. New men are running the country. Mr Eduard Shevardnadze has taken over foreign affairs. Mr Nikolai sea of paper real work is being drawing up rules — and in this sea of paper real work is being drawing up rules



Wolfgang Volz

SOVIET PARTY CONGRESS

A chance for Gorbachev to tighten his grip

By Patrick Cockburn in Moscow

able in the long term. The ossification of the party and state bureaucracy which set in during Mr Brezhnev's 18 years in power was largely a reaction to Stakin. In his purges, 4m to 5m party members were arrested and 400,000 to 500,000 executed. Of the 1,827 delegates to the 17th Party Congress in 1934, only 37 attended the next

It is scarcely surprising that survivors like Mr Brezhnev had little taste for change at the

At the last Party Congress in 1981 only 17 per cent of the Central Committee was changed. This compares with at there are many survivors from the past. The longest-surviving office holder is Mr Yefim Slavsky, 87 years old and Minister for Medium Machine

But and Communiset leader in the inability of the Soviet Union Republic of Kazakhstan since to renew the ruling geron-1960, he was strongly tocracy may now be over. The attacked in Pravda's account new party rules, to be ratified of the Kazakh Party Con- at the present Congress, may

moved into senior posts but ceaselessly discuss how far the ceaselessly discuss how far the good intention of the new leadership will produce any real transformation in their own lives. The Congress, many believe, will make this clearer. For instance, Mr Ligachev, second only to Mr Gorbachev in the Politburo, and the man who virtually runs the Communist Party organisation, recently quoted Lenin as saying: "We're being sucked

6Articles rhetorically

calling for publicity

are not the same

as publicity itself.

Lead editorials on

the need for fresh-

ness of thought and

language are often

written in language

-Yevtushenko

that makes you

Building since 1961.

Similar themes emerge in

letters to the press. For

instance a Mr N. Nikolaev, a

party member since 1940 from Kazan, east of Moscow, wrote in Pravda earlier this month that

party, Soviet, trade union and managerial leaders use "ali

kinds of special buffets, special shops, special hospitals and so

He continued: "Let the boss go to the normal shop along

down into the rotten bureau-cratic swamp through writing papers, jawing about decrees, drawing up rules — and in this sea of paper real work is being drowned."

When the rotten bureau-queues like other people do.
Then perhaps the queues which everyone is so fed up with now will be quickly liquidated."
Other correspondents attack

figures for an earthquake last year in the Soviet republic of Tadjikstan?

Such letters would not have been published two years ago, though the fact they are printed now does not mean that they will be answered. The fullest expression of public desire for change came in December in a Yeviushenko to a conference in Moscow: "Articles rhetorically calling for publicity are not the same as publicity itself. Lead editorials on the need for proches of the part of the same as freshness of thought and lan-guage are often written in lanage that makes you involuntarily yawn."

Despite the events of the last year, many officials, especially of the sort under attack, do not think that much is going to change in the way the Soviet Union is run—though they do not find it politic to express this conviction now. "Yes, we are discussing things," a senior journalist on the Soviet Union's main economic newspaper agreed with a superior smile when asked about the debate on economic change, "but we also discussed things in the twenties, thirties, forties, fifties and sixties."

same. Few, except at the very top, have been removed by Mr

of largely illiterate rural small holders, using the economic methods of a 15th century peasantry, has been industrialised and educated. Most Soviets have lived in cities rather than villages since the 1960s.

Yet although the Communist Party continuously trumpeted these successes, it has changed inese successes, it has changed little from the mould established after the death of Stalin. The methods which industrialised the country in the 1930s and defeated the German army in the 1940s continued to the good the staling with diminish. be used, though with diminishing effect. In 1968, for instance, Mr Alexei Kosygin, the prime minister, attacked the Soviet computer industry, accusing the computer industry, accusing the men who ran it of "reproducing innovations which were created abroad long ago and, which, incidentally, are not the best." By the time he died in 1980 improve the situation.

It is as a proponent of conomic reform that Mr economic reform that Mr Gorbachev has made his name over the last five years and it is that subject which is likely to take up much of his four-hour speech today. The themes he has emphasised in the past he has emphasised in the past are that the Government must regain control of investment from the ministries which monopolised resources, regard-less of the quality of their production, in the last years of President Brezhnev. At the same time he has emphasised greater autonomy for managers and less control on day and less central control on day to-day direction of the economy.

Priority for investment is to go four key industries—machine building, machine tools, elec tronics and computers—in the old industrial areas of the country. The emphasis is on the re-equipment of existing plant, not the construction of new factories or grandiose schemes in central Asia and the wastelands of Siberia.

In the weeks before the Congress there was heavy criticism of expensive irrigation projects—schemes which President Chernenko had specifically praised shortly before he died.

But it is unlikely that the extent of economic change in the Soviet Union will become clear during the Congress. There is no sign that the system for segging the prices of basic foodstuffs and rent at very low levels will be modified.

The ministries which run vast industries across the Soviet Union show no desire to see their authority redistributed up-wards towards the Politburo and the central planners or downwards towards the managers. They can argue that there is no crisis in the Soviet economy and the growth rate has recovered from the low levels of the early 1980s.

Any switch of resources from one ministry to another—which in the Soviet Union often means a switch from one region of the country to another will also test Mr Gorbachev's political strength, Party leaders who support econor-ic reform in general will fight hard against projects being cancelled in their part of the country.

1

Mr Gorbachev needs all the political authority he can mus-Most Soviet officials in party ter to carry out any real economic reform. This week's Conwith everyone else and stand in queues like other people do. Then perhaps the queues which everyone is so fed up with now will be quickly liquidated."

Other correspondents attack the excessive secrecy of party and state. Why, one asked, were there copious details on Soviet methods about earthquakes in party no longer answers to the television about earthquakes in changed enormously since the way the same. Few, except at the very gress will show how far he will be able to obtain it. The Congress of party work.

Mr Gorbachev's rise is itself the professional power-brokers who want a more effective or efficient party and ordinary citical rights. The key question is party no longer answers to the helm. Soviet society has changed enormously since the Union is governed.

Dr Pepper's

handsome legacy Woodrow Wilson Clements, the 71-year-old chairman of Dr Pepper, is sometimes known by his childhood nickname, "Foots," a moniker he earned because of his big feet, and one he keeps alive by sending out foot-shaped Christmas cards.

But there is nothing flat-footed about his business acumen. Coca-Cola, the king of the \$26bn-a-year US soft drinks industry, has just announced plans to acquire Dr Pepper for \$478m—a deal that will reap Clements and a group of other ruling council unless they are indemnified against legal action by the members. Although the Stock Exch/ge senior managers and private investors a 10-1 return on an has existed without such indemnity, it could be argued equity investment they made two years ago when Dr Pepper was taken private in a lever-aged buy-out. that it can gain reassurance from a body of existing case law—while its members are not so litigious as Isro's, which include many US securities houses. But clearly Parliament

The investment group, led by Forstmann Little, the Wall Street investment firm, paid \$650m for Dallas-based Dr Pepper in February 1984, raising about \$620m in debt and \$38m in equity. By selling off assets, including the Canada Dry business, the group cut Dr Pepper's debt back to \$170m—which is included in Coca-



violence, sex or bad language—that leaves us with Songs of Praise and the House of Lords every night!"

Men and Matters

Based on initial documents covering the Dr Pepper buyout, Clements should receive a sparkling \$20m return on his \$2m investment with about 15 other private investors including Wall Street arbitrageur, Ivan Boesky, and some 10 in-stitutional investors, including General Electric's pension fund, splitting the rest.

For the cigar-chomping, energetic Clements, a native of Tuscaloosa, Alabama, who began selling America's oldest major soft drink while a student at the University of Alabama in 1935, it is a sweet tasting deal in-

After becoming chairman and After becoming chairman and chief executive of Dr Pepper in 1974, having worked his way up through the company's marketing ranks, Clements is widely credited with putting the fizz back into the 101-year-old company which currently ranks as the fourth largest US soft drinks group with a 6.9 per cent market share and profits last market share and profits last year of \$60m.

Dr Pepper's secret formula, containing 23 ingredients most of which are believed to be old fashioned fruit extracts—but which do not apparently include prunes, as some rumours would have it, or cherries, despite the distinctive taste remains a mystery.

As to the company's name, that is less of a mystery, but equally fascinating. A British-born pharmacist called Charles C. Alderton dreamed up the potion while working in Wade in Waco, Texas in 1885. Apparently Morrison often talked to his customers about his love for the daughter of his former employer. Dr Charles Pepper, a virginian physician.

This may be a tall order for one of the most talked about scandals in Hong Kong's his-Virginian physician. scandals in Hong Kong's his-Unimpressed with Morrison's tory, linked with a murder,

Cola's proposed purchase price prospects, the good doctor —leaving the investors to share out \$300m among themselves.

Based on initial documents fountain patrons fell in love with the drink, Morrison decided to name it after his protagonist. The ploy did not work since the doctor refused to change his mind. Morrison later married someone else but the name stuck.

Carrian trial

Hong Kong's long-awaited Carrian fraud trial began yesterday as it is likely to go on — with Mr Justice Barker describing as a "long hard slog" the day-long effort to select a nine-member jury.

An unprecedented 400 people

have been summoned for the most widely publicised fraud trial ever to be heard in Hong Kong's Supreme Court. It is likely to last at least nine months, and the trial judge warned jurors of the "extreme incomplete or the street in the street inconvenience" that lay ahead, Justice Barker grilled fiercely all of those asking for exemption, treating many grown busi-nessmen like school children as

nessmen like school children as he reminded them of their civic duty as jurors. Only those who would face "genuine severe hardship" if selected were granted exemption. One short cut to exemption for anyone who had enough foresight three years ago was ownership of Carrian shares. He warned the six men and

three women eventually sworn in that they should ignore anything they had ever heard, seen or read about Carrian, or the six defendants who face charges Morrison's corner drugstore of fraud in comection with the Waco. Texas in 1885. Apparently Morrison often talked to with debts amounting to more than HK\$10bn

Tipperary.

suicide, hasty and discreet departures from the territory, and numerous corporate col-lapses over the past three years.

Morton's return

Kenneth Morton's return to Hill Samuel, after an absence of 13 years, will once again see him man, his former boss in the bank's corporate finance department.

The two men shared an office and, together, burned the mid-night oil cutting their corporate teeth on a string of takeover battles like Robert Maxwell's bid for control of the News of the World. He failed, but Morton, in his more recent Reed International, eventually helped fulfill Maxwell's news-paper ambitions by selling him the Mirror titles.

Morton, aged 46, is returning to the board of Hill Samuel, where Castleman is now chief executive, as a member of the bank's executive committee. He joins the group's small, cen-tral management team and his specific responsibilities will in-clude corporate planning and overall control of regulatory matters affecting the group's various securities-based activi-

Long way to go If the frost relents and horse racing is possible at Ireland's Limerick Junction track on Thursday, it will be held at

I know that sounds like one of my Andorran stories, but it is Many racegoers have been

turning up in Limerick for the races—only to discover that Limerick Junction is 23 miles away, near Tipperary. So the track is being renamed Tipperary in the hope that fewer people will have a long way to go.

Observer

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future in Britain, or is it now doomed as a passing phase of technology, overtaken

as inevitably as the steam loco

motive and radio valves?
After yet another burst of alarms and excursions from the

nuclear future. They will surely be postponed again, while minis-ters wait for the inspectors' re-port, not due until late summer.

The major decision, on whether to build a new Pressurised Water Reactor (PWR) at Sizewell on the Suffolk coast

has already been held up for three years by one

of the most camplex pub-lic inquiries ever mounted in Britain. Sir Frank Layfield's

report is still awaited by the industry with a mixture of hope

and resignation. Many fear that by the time the full report is on ministers' desks they will be preoccupied with the next elec-tion. It is fast becoming a maxim in Whitehall that "there

most half those questioned be-lieved nuclear power was a cause of "acid rain." Senior figures in the industry

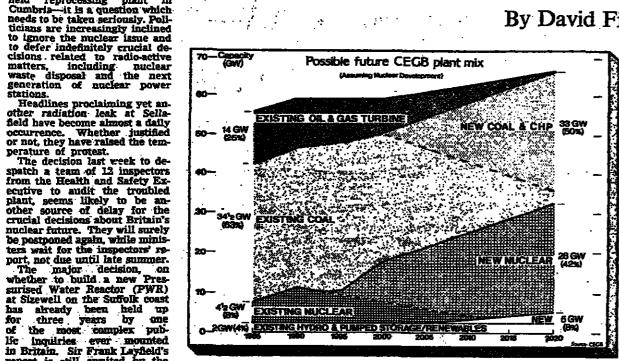
The recent disclosure that dis-

undermine the credibility of the nuclear authorities.

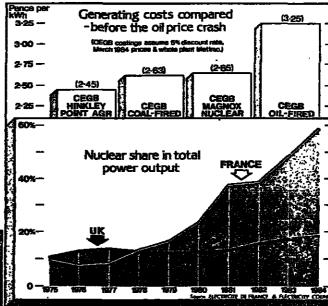
BRITAIN'S NUCLEAR INDUSTRY

The make or break year

By David Fishlock and Max Wilkinson







are no votes in nukes."

It may be symptomatic of public attitudes that a recent adoption survey showed that alnuclear energy:

Does the steep fall in oil prices reduce the claimed cost advantage of nuclear power?

Can Britain's excess capacity of oil-fired stations now move back into regular ("base load") service, so that the building of new nuclear stations can be postumed?

Senior figures in the industry still tend to guffaw at such folly; but such "opinions" can be variously interpreted as ignorance or a widespread lack of public trust in almost any claim made by "experts" on behalf of nuclear power.

This expeticism is reflected in the industry leaders are still bickering in public about the rival merits of the advanced gas-cooled reactive (AGRs)? tors (AGRs)?

Can a renewed nuclear programme be allowed while there are still major uncertainties and uncease about the disposal of radioactive waste?

This scepticism is reflected in the moves by several local authorities to set up their own independent radiation monitor-ing service. "This is much too important to be left to the pro-fessionals." says Mr Terry Walker, an Avon County conn-cillor • Does the improved performance of the coal industry since charges of radiation from the belance somewhat towards coal-Sellafield reprocessing plant in fired stations — for social as Cumbria in the 1950s were 40 well as economic reasons? times the figure given to a © Does the new cross-Channel government inquiry was just the latest in a series of damaging can now import cheap French admissions which have helped to undermine the credibility of the vironmental hazards? French

Whitehall is that the economic "Magnor" nuclear stations will case for nuclear energy is indeed somewhat weaker now argued that the new station than three years ago when the Sizewell inquiry lumbered into action—but it is by no means The Central Electricity Board

calculated then that the PWR would save about £1bn over its lifetime compared with the cost of a new coal-fired station. Since then the price of oil has about halved in real terms and forecasts of future oil and coal prices have weakened accord-

But they are still only fore-casts. The Sizewell PWR could not be in service for nine years at least; and by 1994 when present North Sea oil reserves will be running out, most people expect the oil market will again

that a nuclear station would lose its cost advantage only if levels and coal prices were about 30 per cent lower until the end of the century. Nevertheless, the argument that nuclear is cheaper is being subtly merged into the case for

Now other questions are in this year, is costing 25 per being asked, which the industry cent less than average British-admits are clouding its future even if they do not seriously damage the intellectual case for muclear energy:

• Does the steep 4."

in this year, is costing 25 per a new power station on capacity grounds—that Britain will need an extra power station by 1994.

Since the first generation of "Magnetic less for product of the steep 4." should be nuclear if only as an insurance against renewed labour troubles in the coal industry. The CEGB is reluctant France has expanded nuclear to put too much reliance on power from single figures to France whose surplus might dis-appear during the long timesupply. In Europe, Belgium, Finland, West Germany, scale now being considered.

But there is also a more subtle impact of lower oil prices. Although a nuclear station may be cheaper over 40 years, it is certainly very much more expensive to build. (The savings in the next year or two while come later. Its fuel costs are far less than those of an equivalent oil or coal-fired station.)

i This extra cash is With Government oil

revenues for 1986-87 sharply needed to overcome boiler reduced, the capital costs of Sizewell, running at about 5300m a year, would put significant pressure on the Public Sector Borrowing Requirement at a time when felling all prices.

At the root of Britain's revenues for 1986-87 sharply at a time when falling oil prices are cutting tax revenues. Size-well would be hefty down-pay-ment for benefits which would not be felt until well beyond the horizon of at least three

Perhaps these questions the chief economist at the would have less force if Organisation for Economic Co-Britain's nuclear industry could operation and Development in operation and Development in Paris and last year's Reith Lec-turer, dubbed this one of the "worst civil investment decipoint to a more impressive record. But the programme which started out with such brave hopes three decades ago still produces less than 20 per cent of the country's electricity. In less than half that time sions in the history of man-kind," to be bracketed with Concorde and its Soviet counter-part in the scale of losses. By the 1970s, when the AGR power from single figures to two-thirds of its electricity programme was bogged down in a morass of design and construc-tion difficulties, the experts had become deeply divided about

Germany, Sweden and Switzerland all get the future of the nuclear pro-gramme. The argument raged between a still hotter gas-cooled reactor, a version of Canada's greater proportions of their power from the atom. Yet Britain's nuclear output reactor, a version of Canada's pressure-tube reactor, a licence on the US PWR—or waiting for the AGRs to come right.

Fifteen years later, Britain is still waiting for the AGRs to come right. None has ever reached its design rating for an output of 660 MW sham 1. This extra cash is needed to overcome boiler

output of 660 MW. Against this background it is

Against this background it is not surprising that politicians look sceptically at the cost comparisons which are advanced to support the nuclear option. For the CEGB's figures assume its first PWR at Sizewell will be built on time (though the period is fairly generous) and will quickly reach full power. At the root of Britain's nuclear troubles lies the AGR, a British invention which was chosen by an expert committee in 1965 as the basis of the country's second nuclear power Professor David Henderson, The CEGB firmly believes

that this is now within the industry's grasp, but whatever its arguments, past performance is not one of them. The spiritual leader of the

AGR movement is Sir Francis Tombs, who as chairman of the South of Scotland Electricity Board in the early 1970s called for aswitch from the AGR to the pressure-tube reactor. Now as chairman of Rolls-Royce, he makes small PWRs for the Navy, but says the technology would not be safe in a large land-based power station.

The most vigorous spokesman for the PWRs is undoubtedly Lord Marshall, chairman of the CEGB, who had no part in the reactor decisions of the last two

One of his most telling arguments is the cheapness of the French electricity — most of it made by PWRs — which Britain will start importing this spring. team at the Sizewell in-quiry, also point out that 19 years after the first two AGRs were ordered, and II years after they started to produce power, they are still not performing as alleys, the future of nuclear

These stations, Hinkley B and

Hunterston B, cannot be re-fuelled at full power, although

fuelled at full power, although this was supposed to be one of their main advantages over the PWR in the 1960s.

Even by 1982, when a new fuel design is expected to be ready, it may still not be possible to refuel at full power. By then the first AGRs will be half-way through their design lives.

hairway through their design lives.

The AGR lobby replies that the two newest designs at Heysham 2 and Torness will overcome the problems of the earlier models. But these stations are still under construction

stations are still under construction
Until recently, the prospects
for the AGR were based on the
rather slim hope that the Sizewell inquiry would result in a
resoundingly negative verdict.
More recently its supporters
have seen the possibility of victory through political inertia
and delay.

If the Layfield report is delayed for many more months.

layed for many more months, or if the hue and cry over Sellafield should increase, there is a growing feeling that the Government might feel obliged to postpone a decision until after the next election.

after the next election.

The CEGB is facing the possibility that under such circumstances it might have to disband its 300-strong PWR design team. Then the AGR—or coal—would win by default.

The CEGB has another difficulty in that much of the logic of its case depends on plans for a whole family of eight or nine PWRs.

But political support for such

But political support for such a grand nuclear scheme is now tepid at best, especially since the "defeat" of the miners and the resurgence of publicity about nuclear waste.

Probably all these arguments pale into insignificance besides the emotive—and important—question of nuclear waste disposal. Many still cite the Flowers report of 1976 on Environmental Pollution in support of the view that there must be no expansion of nuclear power until a "solution" is found to the problem of radio-

Scientists continue to say that wastes present no serious technical problem and that press and lobbyists have wildly exaggerated some of the risks.

Be that as it may, the industry has at the very least, an enormous public relations job before it.

But time is not on its side.

The supporters of a PWR be-lieve 1986 will be make or Lord Marshal and Mr break year for any serious hope of a growing industry. The member who led the CEGB put an enormous investment at the Sizewell in the control of the con money behind its Sizewell B project.

power in the UK must look doubtful indeed.

Wapping and

From Mr D. MacShane Sir,—Your leader (February 17) is quite wrong to suggest that the present labour legisla-tion is intended to take away tion is intended to take sway from unions the possibility of organising another 1978-79 style "winter of discontent." Leaving to one side the fact that that event was one of the Conservatives' best post-war vote-winners, the legislation enacted since 1980 would not have been likely to affect the "winter of discontent" which was about primary strike action first by lorry drivers, then hospital workers.

There was widespread support for a fair pay deal among both groups of workers which presumably would have meant a secret ballot majority in favour of strike action. Neither set of managements would have had

or strike action. Neither set or managements would have had recourse to the law as the strikers' withdrawal of labour needed no additional help from other groups of workers.

This is not the case in the Wapping affair, where as in common with many other indus-tries it is pressure on distribution or suppliers that has to be maintained in order to bring some equality of relationship between employer and union. For Sogat and the NGA to find themselves in contempt of court for requiring their very own members to help their Wapping colleagues is an absolute negation of trades unionism and makes trade union membership pointless in contemporary Britain. It is that, I suspect, that lies behind the trade union legislation and the trade union legislation and the trade union.

legislation of this decade and not any sitruistic desire to prevent winters of disprevent "winters of dis-content."

It is interesting to note that no other democratic country has laws that are so favourable to laws that are go favourable to the employer. In a recent important ruling in South Africa, the Industrial Court ordered the reinstatement of 120 black workers because the company concerned had refused to bargain in good faith before and during a dispute and had dismissed all the workers when they went on strike.

they went on strike.

What is going on when apartheid judges in South Africa interpret their labour law more even-handedly than those even-handedly than sitting in the Strand?

Denis MacShane. International Metalworkers Federation, Geneva, Switzerland.

Risk and reward in the City

From Mr P. M. Brown
Sir.—Taxation specifically
aimed at inflated City earnings
is likely to bolt the door just
as the horse wants to re-enter
the stable.

As your Editorial (February
18) makes clear, it is the

Letters to the Editor

of the mega buck bidding for scarce skills. However, the parent companies of these 29 organisations are mostly con-servative commercial institu-tions which will absorb and bend the exotic remuneration packages of their new recruits to their formal, graded pay

The dealers of today are in the same position as geologists and selsmologists in 1974-76 or micro-processor systems designers in 1982-84. They are the top dollar crowd whose skills command an enormous premium before the market or technology solves the shortage.
Ask the programmers of yesterday if you want to see the erosion of early skill-shortage premium

Specific taxation would only Specific taxation would only come into place as the dealer earnings boom starts to collapse and one of the last nongraduate, high-earning, City activities is pushed into the formalised structures of graduate-only entry, now standard in US and Japanese market-maker organisations,

Peter Brown. Remard Consultants, 9 Savoy Street, WC2.

The campaign over Sellafield

From Dr K. Little, Sir—in connection with the propaganda campaign that is currently being waged against British Nuclear Fuels at Sella-

sriush Nuclear ruess at Sella-field, five facts should be clearly understood:

1—The worse credible acci-dent at the Sellafield plant, and that includes deliberate sabo-tage, would not release suffi-cient radioactivity outside the perimeter fence to harm any-

2-The increase in Downe's syndrone that the Irish are com-plaining about is a known side-effect of oral contraceptives, that is particularly likely to affect babies of adolescents who have been on the pill. 3—Those who complain about release of small amounts of

radioactivity into the sea ignore that fact that the Atlantic ocean already containes 1,000m tons of uranium and 100m grams of radium, so that any additions to

creation of 29 market makers scale inquiry a cousin of a instead of two large jobbers director of the rival French rethat has underpinned most processing firm financed the whole of the anti-nuclear case. Since then, those continuing the campaign against British Nuclear Fuels have never been short of funds. If that campaign were to be successful, the rival French firm would have all the advantages of a world mono-

> 5-The real reason why antinuclear campaigners are asking for an EEC inspectorate to have access to the plant is to seek to discover those details of the process that at present give Sella-field a technical advantage. The International Atomic Energy Agency inspectors already moni tor the materials going into and out of the plant—which is all that is required for a genuine safety inspection. Dr Kitty Little,

8, Olney Court, Marlborough Road, Oxford.

Labour's attitude to landlords From the chairman, Small

indlords Association Siz.—Your interview with Roy Hattersley (February 19) makes no reference to Labour's strategy for the private rented

Labour proposes to reinstate the position under the 1974 Rent Act, whereby the tenant of a resident landlord could be granted security of tenure for up to six months at a time, and even indefinite security in certain circumstances.

Relationships between resi-

Relationships between resident landlords and their tenants can become severely strained and it is uncivilised to expect the landlord to suffer such a relationship for a long period, still less indefinitely. Labour should recognise this fact and withdraw these proposals.

As far as the non-resident landlord is concerned, Labour proposes to "socialise" his property at the tenanted value. This might not be unreasonable compensation for the "sitting tenant" property purchased by investment landlords including the tiny minority of Rachmans that Labour rightly condemns. But for the non-resident landlord who has let with vecant lord who has let with vacant possession, such compensation would be nothing short of ex-

radium, so that any additions to these naturally occurring alphaemitting isotopes are negligible. The dilution is such that the radiation doses to which any individual could be subjected are far below those that could have any biological effect.

4—At the time of the Wind-

ing owners." Now it seems to argue that it is perfectly fair to enact legislation which imthen declare that the appropriate value of the property for compensaton purposes is the one devalued by the legisla-

property of the bona fide private landlord by such specious argument, the electorate should ask: "Whose property will they steal next?"

Geoffrey Cutting, 7. Rosedale Avenue. SW16.

Japanese nip into distillery

From Mr P. H. Tray
Sir,—Although I have no
connection with the whisky industry (apart from enjoying modest quantities of malt whisky), the idea of acquiring a small malt distillery has always been one of my dreams—particularly since here was a product which could not be one product which could not be made in Japan. Alas, Tomatin was rather too big—indeed I believe in has the largest malt

capacity in Scotland, and thus in the world.

Now I see that it is being bought by Japanese interests for an undisclosed sum—but one which I strongly suspect is less than 0.1 are an individual of the sum of th less than 0.1 per cent of Argyll's bid for Distillers. It seems that, as in so many other fields, the Japanese not only take a long view, but prefer to invest rather than just swap bits of

Whatever finally happens in the Distillers battle, un-doubtedly the Japanese have acquired a facility for provid-ing formidable further compeinto to the Scotch whisky industry—at relatively infinitesimal cost.

Peter Tray. Victoria Hause

Southampton Row, WC1.

British petrol pump prices

From Mr R. T. Mathias
Sir,—I have just returned
from a week in the Netherlands
and Germany. The cost of petrol at the pumps has fallen in the last few weeks by slightly more than 30 per cent in both countries.

It would seem that we in Britain should by now be bene-

fiting from the sharp drop in the price of oil. Why do we take so long to realise the benefits and so short a time to pay the penalty for price increases in value of oil? The same companies market the same product in all three countries and get their oil from the same potential sources. What is wrong with the British public that it puts up with this kind of thing time and time again? R. T. Mathias.

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Gorbachev to outline goals as party congress opens

BY OUR FOREIGN STAFF

THE 27th Soviet Communist Party congress opens today in Moscow with a speech from Mr Mikhail Gorbachev in which the party's gen-eral secretary will outline his programme on foreign policy, the economy and party ideology.

His audience in the Kremlin's viet party delegates - who can be expected to give Mr Gorbachev the political mandate for change that he is seeking – and 153 delegations from some 113 foreign countries.

China is the only major communist country not to send a delegation. socialist and social democratic par-

ties have been invited to attend for the first time in an apparent bid by Moscow to orchestrate a broad front of support for its disarma-

A key function of the party conwhich are held every five vears, is to appoint a new central committee, the elite body of more than 300 top officials who fix or ratify policy in the interim periods

Since Mr Gorbachev became gen-eral secretary last March he has purged many regional party, military and government officials, whose jobs carry ex-officio mem-

Thus a large turnover is expected out-of-date programme promulgateconomic and political shortcommong the 319 central committee ed by Krushchev 25 years ago. ings that built up in the long numbers appointed at the last Mr Nikolai Ryzhkov, the new (1964-82) Brezhnev era. This is the among the 319 central committee members appointed at the last

points the Politburo, the highest decision-making body, but fewer changes are expected here. Mr Gorbachev's supporters already predominate among the Politburo's members with full voting rights.

Before the new central committee's appointment, expected next week, the congress is due to approve a new programme setting out party goals until the end of the century and replacing the Utopian and

Mr Nikolai Ryzhkov, the new Prime Minister brought in by Mr Gorbachev last autumn, will also Brezhnev, and, coincidentally, it

On past pattern this is unlikely to provoke much spontaneous debate at the congress, though some of the economic plans have been under-mined by the current decline in the world price of oil, still the largest single hard currency earner for

The congress will take its tone from today's speech by Mr Gorba-chev, who is likely to dwell on the

first congress since the death of opens 30 years to the day since

For the 10-day congress, Moscow hanners and exhortatory placards than usual. Theatres are staging new plays and galleries special exhibitions, while extra goods appear to be on sale in the shops to impress the many out-of-town delegates to

Gorbachev's task, Page 24

Patrick Cockburn visits Soviet Turkmenistan, land of lost agricultural opportunity

Where cotton is king but salt is poison

ning just to the south of the city of Ashkabad, capital of the Soviet Republic of Turkmenistan. Soviet guards armed with Kalashnikov machine guns search cars driving into the footbills below the mountains but few people cross the bor-

For almost everybody in Ashka-bad, apart from a few with relatives bution. "Selling girls, taking bride money and keeping the bride at her in Iran, the Kopetdag mountains parent's home for a certain period form an uncrossable barrier beween Soviet central Asia and the Iran of Ayatollah Khomeini.

The two worlds could not be more different. Although the holy city of Mashad lies not far away on the other side of the border there is not a single mosque in Ashkabad, population 400,000, and only four in the whole of Turkmenistan.

Does Islamic belief survive among the 3m population of Turkmenistan, most of whom were Moslems before the 1917 revolution? Evidence is slight: Before a 12th century Islamic shrine in the semidesert outside the city of Mari this Soviet Union. When Moscow was one of the longest canals in the week, a Turkoman with a grey under deep snow in mid-February it world, carrying water from the

for women and the old.

A Soviet handbook for spreading

atheism in Turkoman villages published last year says nevertheless that in country areas, as opposed to old customs make a strong contriof time, and people working as quacks and sorcerers to lead a life of ease, are still seen among the

such sporadic indications of official Soviet nervousness, to support the theory that the Islamic revolution which overthrew the Shah in 1979 or the Soviet intervention in Afghanistan in 1980 had much influence on the 44m inhabitants of So-

Yet Turkmenistan and the other

THE BORDER between the Soviet beard was praying fervently but a Union and Iran is marked by a snow-covered mountain range run
BORDER between the Soviet beard was praying fervently but a was warm enough to walk about Amu Darya river to the irrigation warmth and land, did Turkmenis ditches in the cotton fields on either ri, the second biggest city of the reside of the canal.

Mr Gapurov was pensioned off at

Fresh grass was growing in the tains and the vast Kara Kum desert which makes up 80 per cent of

Ashkabad itself is a new city, rebuilt since it was completely stroyed by an earthquake in 1948 in which as many as 60,000 people were killed. "I have to live at home to look after my mother whose legs were crippled in the earthquake, said one woman. The massive supporting columns of the new earthquake-resistant buildings give them squat appearance but the people in the street look prosperous.

The warm climate of Turkmenistan – nearly 300 days of sunshine a year – has always made it appear to be the land of agricultural opportunity to planners in Moscow. There are few rivers or streams, but starting in 1954 the Kara Kum canal has four central Asia Republics remain been extended 1,100km west tovery different from the rest of the wards the Caspian sea, making it

It is cotton and the size of the cotton crop, not Iran, Afghanistan or resurgent Islam which has been a key behind the recent purge of Communist Party leadership in Turkmenistan and the rest of Cen-

Between 1980 and 1985 Turkmenistan supplied the Soviet Union with 6m tonnes of cotton but yields are low and investment high. Irrigation with inadequate drainage has increased the amount of salt, known locally as white poison, in the fields, reducing annual cotton output by some 400,000 tonnes.

An attack on the way in which Turkmenistan agriculture is run in the Communist Party daily Pravda last August was a signal that Mr Mukhamednazar Gapurov, Communist Party first secretary for local party officials
Turkmenistan since 1969, would not food and agriculture.

the Turkmenia party congress in December. "Under him cadres were often promoted to leading posts on grounds of personal loyalty, family ties or birthplace," reads a report of the congress. He had created "a breeding ground for nepotism, flat-tery and careerism, created an atmosphere of laxity and back scratching, and gave rise to servility and irresponsibility."

Harsh words, but the local leadership cannot be blamed for everything. The insistence of Moscow on judging everything in Turkmenia by the cotton stristics is also responsible for the troubles of local

agriculture. "The republic supplies the country with cotton - that is its chief duand concern - but it has no strength left for anything else," say local party officials in charge of

Too much was expected from the "Many fields that at first were reclaimed desert watered by the quite fruitful are empty today, and Kara Kum canal, exploitation was look as if they were covered in snow too rapid and local leaders tried to but in fact it's salt," wrote Pravda. cover up the failings that inevitably THE LEX COLUMN

Just reward for a sweet tooth

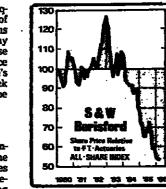
Yesterday's movement in the ec uity market gave a foretaste of what can be expected in the months after 'Big Bang.' ICI found its way on to the recommended purchase list of a leading US broker, the price jumped 39p to 939p and London's jobbers were left short of both stock and extinged. Life names used to be and patience. Life never used to be

S. & W. Berisford

The market had so long and comprehensively prepared itself for the 1984-85 S. & W. Barisford figures that even a drop of a third in pre-tax profits (to £53m) was nothing compared to a maintained dividend: the share price rose 12p to 168p. Not that the figures were entirely

straightforward. A provision of £10m might seem prudent for an equity participation in the company that is to sell off the ITC tin stocks. But if Newco does not get off the ground, Berisford's losses could be twice that. Nor could the market have predicted that the ghost of Erlanger Tubular Works business in the US, apparently felled by an au-ditor's silver bullet in the 1983 accounts, should return to haunt these figures. It seems that even a provision of £23.5m then was not enough against plant and pipe-stocks that nobody wants; and only the revaluation of the RHM stake plugged the new hole of £19m in shareholders' funds.

Whether a further revaluation might offset any negative goodwill in the disposal of the sugar-beet onopoly is an intriguing thought; but, in truth, these figures do little to encourage those whipping up interest in the share with prospects of the sale of British Sugar. Even in such a bad period as the year to September, where processing costs were rising on a strengthening dolar, British Sugar put in over half of Berisford's pre-interest profit. The Berisford balance-sheet would indeed be revolutionised by a disposal. But however unappealing the
present mixture of manufacturing
a capital injection would hardly be monopoly and bank, it is hard to see Berisford proving a more attractive income investment on the basis of a Vickers commodity trading business which nalved its profits last year. As it is, the share yields over 9 per cent on share price since the autumn has the presumption of an unchanged not been just a matter of riding up



If British Airways is bothered about entering the private sector with an overstretched balance sheet, it can draw some comfort year to October BCal registered an operating cash outflow of well over E100m - capital spending covered the depreciation charge almost five times over - and the group wound up with tangible net worth of £32m supporting net debt of \$285m. BCal had intended to set matters straight with a public flotation, but that was on the assumption that the Saudi routes wrested from BA would chip in around £18m a year, effective

doubling the group's profit.
Unfortunately, Saudi traffic has dropped almost as fast as the oil price, and when transfers to intan-gible fixed assets and other curiosities are stripped out of the revenue account, the underlying growth in operating profits has been disappointing. BCal estimates continuing profitability in the current year. which scarcely sounds very bullish. and apparently has no immediate intention of reviving the flotation idea. The group's debt burden is neither here nor there by the standards of North American airlines

The steady rise of the Vickers

who knows what? - by way of com-pensation from the European Court. Yesterday's leap of 35p, to 405p, suggested that the market had rather underestimated the scope for growth in Vickers' business; an increase of 46 per cent to £45.1m of pre-tax profit for 1985 was not quite in the price.

arti

Since Vickers has made a habit of springing at least one unhappy sur-prise with each set of results, an element of caution was not unjust.
This time, it proved that marine engineering had stumbled under the
weight of three simultaneous prodare larger, in Rolls-Royce and in the lithography business alike, it are well under control. And the accent, in Rolls at least, is currently on maintaining margins rather from the report and accounts of its than expanding output to the very

The balance sheet is both smaller and less highly geared than for many years, producing a return on equity that is a good six points higher than in 1984. On profits of £55m this year, the prospective multiple is about 9% times earnings; one penalty of an improving track record is a rising tax charge, but so far Vickers' rating has more than ma-naged to compensate for this.

Currency options

The dollar's rise in defiance of all forecasts last year must have made Lufthansa, for one, congratulate itself: laying out \$500m for aircraft a year ago, the airline appears to have used forward currency deals to lock in a rate of DM 3.20 for about half the dollar total. Its subs quent free fall, to below DM 2.30, will have given Lufthansa second thoughts about the opportunity cost of parachutes

Smart-alecks would have done the job with currency options instead: D-Mark puts could have saved Luftianse the cost of further dollar strength and held on to the chance of a windfall profit. But the over-the-counter market might have gagged on the amount and remiums were in any case expen sive, at times more than 6 per cent: few finance directors like to lay out \$30m on an option which they

Marcos under pressure

Continued from Page 1

men as more senior officers defected to their side. Also at their immediate disposal were a dozen helicopters and the bulk of the airforce.

The allegiance of the army under Gen Josephus Ramas, however, was another matter and it still appeared to belong to Mr Marcos. Gen Fabian Ver, Mr Marcos's armed forces chief, was believed to be still

Despite fears of an attack, a mood of rising expectation was spreading among people keeping their vigil outside Camp Crame for a third night. Mrs Aquino was already being called "President"

PORTUGAL'S four-month-old

minority Social Democrat Government has brought to

dimensions of the accumulated

In voluminous annexes to 1986 budget proposals sent recently to parliament, Professor Anibal Cavaco Silva's Government has supplied a detailed breakdown on the

The annexes include informa-

tion on state-operated special funds used to subsidise prices of basic foodstuffs, and the

public industrial sector created abruptly in 1975 when a brief

state's debis.

Saatchi & Saatchi acquires US ICI wins agency in \$75m deal

BY LIONEL BARBER IN LONDON

SAATCHI & SAATCHI, the fastgrowing advertising and business services agency, yesterday an-nounced a \$75m US acquisition through its wholly owned subsidiary, Dorland Advertising.

Dorland, the third largest UK advertising agency, is to be granted an option to buy full control of Dancer Fitzgerald Sample (DFS), which billed \$876m in 1985. The new grouping creates an in-ternational advertising network, DFS Dorland Worldwide, with

agency's key executives while also

Government figures show that on December 31 1985 the public

debt was Escudo 2,500bn (£11.5bn) or 74 per cent of

gross domestic products. To-gether with the Es 861bn debt

of the state operated funds, total

indebtedness exceeded the 1985

With the expiry of grace periods on much of the public

debt, the government expects a

44 per cent increase in debt servicing, with interest pay-ments this year of about

According to the Government

public sector companies ran up

operating losses of Es 54bn in 1985, with the worst record

held by CNP, the national petro-

gross domestic product.

Portugal reveals huge public debt

\$1.2bn billings, ranked 16th in the world. Saatchi said. Saatchi shares closed at 870p, up 23½p on the day. The deal, however, is unusually intricate. It aims to leave ownership and control of DFS with the US

atchi Compton Worldwide, the international network owned by

In exchange for its option, Dor-land will provide a \$75m loan to a company formed by five DFS ex-ecutives, to be called DFS Management Inc. These funds will then be used to acquire DFS from its existing shareholders.

In a separate aspect of the deal, Dorland will receive interest on its loan at a floating rate of up to 15 per cent per annum until it exercises its option, at which point the loan would be waived.

A single further payment based in the UK; the idea on DFS's performance up to Decempattern worldwide.

chemical corporation, which had an operating loss of Es 33bn.

and fertiliser corporation, ran a loss of Es 12bn, and Setenave,

the shipyards group, a loss of

1984, public sector companies produced net losses of Es 233bn.

For the five-year period 1979-

Quimigal, the basic chemical

allowing DFS Dorland to operate ber 1990 will probably be necessary. autonomously from Saatchi & Sa- This would equal the amount by which DFS's aggregrate earnings after tax exceed \$41m over the peri od, before payments on the Dorland

> In the 12 months to August 1985, DFS made \$17.6m pre tax, after adjusting for bonuses and profit shar-ing. Net tangible assets stood at Dorland's turnover has grown 30

per cent per annum since it was acquired by Saatchi in 1981, but it said that it needed an international link to maintain growth. Saatchi and Dorland, despite their ownership link compete with each other

stration to use some of the

windfall caused by the weak

dollar and by plummeting oil prices to reduce the deficit.

year, due entirely to the weight

Without the debt require

ment, the Government would have been able to balance the

These budget investments will

be matched by the structural EEC funds to which Portugal

of the public debt,

The deficit will be 11 per cent

tax ruling on ethane

By Lisa Wood and Raymond **Hughes in London**

ICI, the UK chemicals group, won a potentially important victory yeserday against the British Govern ment in a court ruling on proposed tax concessions on ethane gas, a petrochemical feedstock used by its rivals, Shell, Esso and Britisi

The Court of Appeal in London ruled that any preferential tax arrangements for the oil companie would be a breach of both English and EEC law. Any agreement already made between the tax an thorities and the oil companies was invalid, the three judges said.

Unless the ruling is reversed by the House of Lords, the Inland Revenue might have to revise any valuation it has put on ethane gas for tax purposes Analysts say that such a move

could have an adverse effect on the profitability of a new £500m (\$720m), joint Esso and Shell petrochemical plant at Mossmorran, Scotland, which uses ethane gas as a feedstock for ethylene. "The ruling must make Mossmorran a less economic proposition," said Mr Mark Quilliam, of stockbrokers James Capel, "It is difficult, however, to evaluate by just how

The ruling will potentially put ICIs petrochemicals business on a more secure footing. ICI, whose shares closed last night up 39p at 939p after a strong day for equities had claimed that the tax conces sions on ethane would put its activi ties in ethylene at a disadvantage ICI, in its four-year fight against the concession, claimed that its exclusion from the new rules could have serious consequences for its side, which has 9,000 employees. Shell and Esso said yesterday

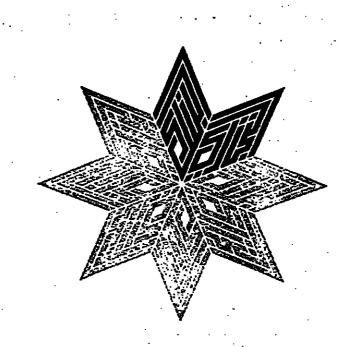
they would need more time to ex-

amine the ruling before comment ing on its implications for Mossmor ran. BP, which converted its ethylene plant at Grangemouth in north-west England to use either naphtha or ethane as a feedstock also wished to examine the document before making any comment. Both Shell and Esso, operating in a market with an acute problem of overcapacity of ethylene, have rationalised their activities in Europe to fully utilise the Mossmorran plant, which started up last year. The controversial plant was planned in the late 1970s on optimistic demand projections. However, in mid-1981, Esso and Shell made clear to the Government that

of financial assistance. Court hearing, Page 22

they were not prepared to go ahead

with the project without some kind



find that it's made up of four arrowheads. Each arrowhead comprises two 'stretched' two words: Commercial Bank. This is the corporate symbol of the Cum-

mercial Bank of Kuwair, famous both here and overseas for its pioncering approach to Middle East banking. Among many significant achievements, we

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Solvay expands in US

whole is a good one, but hopes is now entitled as a membe that it can indu/e the adminithe Community.

Parliament, where the have been able to balance the Government holds only 85 of budget which concentrates on the 250 seats and which in this such needed investment in

legislature has a number of infrastructure, education, agri-senior economicy among the deputies, has welcomed to the methodical approach to the These budget investments will

BY QUENTIN PEEL IN BRUSSELS

It believes the budget on the

SOLVAY, the Belgian-based inter- the West German company national chemicals group, is to step Kali-Chemie.
up its involvement in the US armaceuticals market with the \$117.5m purchase of Reid-Rowell of

The two companies announced vesterday that they had agreed on a definitive merger providing for the acquisition of Reid-Rowell, a manufacturer and marketer of ethical pharmaceutical products, by a new American subsidiary of Solvay.

The move underlines the diversification by Solvay, a traditional producer of large-volume plastics and the same price. added sectors. It already has interests in US pharmaceuticals through its Dutch subsidiary, Duphar, and shareholders,

The new Solvay subsidiary will shortly open a cash offer for Reid-Rowell shares, including existing stock options, valued at \$117.5m. Each share of common stock not purchased under the tender offer will be converted in the merger into the right to receive \$10.875 in cash.

Solvay said yesterday that mem-bers of the Gottwald family, holding some 33 per cent of the Reid-Rowell shares, had granted the company

Approval of the merger requires agreement by two-thirds of the



SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Tuesday February 25 1986



Rheinmetall wins battle for control of Pierburg group

BY JOHN DAVIES IN FRANKFURT

RHEINMETALL, the West German machinery and armaments maker, has succeeded in taking an 30 per cent stake in the Pierburg group, which makes carburettors for cars. The takeover, which marks the end of a battle for control of Pierburg, is a significant move in the rapidly growing field of motor vehi-

Pierburg, with annual group sales of about DM 600m (\$260m), last year became the centre of a tussle between Siemens, the electrical and computer company, and Robert Bosch, the automotive components and electronics concern.

mens reached agreement with the Pierburg family to buy their 80 per cent holding, but the Cartel Of-fice indicated it would block the deal unless Robert Bosch sold its 20 per cent holding. Concerned about mens' ambitions in motor vehicle electronics, Bosch refused to bow out and found Rheinmetall as an alternative buyer for the family

Despite reports of complications in negotiating with family members, the sale now has been finalised, with Rheinmetall taking over management control and entering into a technical co-operation agree-

ment with Bosch. Pierburg is to develop, manufacture and market its own petrol fuel research.

injection system for cars. Bosch will back the project with knowhow and will supply electronic control

The Rheinmetall takeover is still to be examined by the Cartel Office,

but its approval is expected. Siemens, which has been steadily building up its motor vehicle electronics operations, hoped to gain access to Pierburg's carburettor experience and to use the company as a springboard for further expan-

Rheinmetall, with sales of DM 2.6hn a year, sees Pierburg as a wel-come diversification. Under its influence, Pierburg is expected to invest in modern technology and become a stronger market force. ● VDO Adolf Schindling, which

makes control and information systems for vehicles, is planning a stock market launch in West Germany within the next few months. VDO, which had group sales of DM l.7bn last year, plans a public offer of non-voting preference shares. Or-dinary voting shares will remain in the hands of descendants of the to sell out to Texas Air, an archcompany's founder.

VDO said that the funds raised through going public would help the company to expand and to carry out

GM drops plan to buy Spanish truck group

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT GENERAL MOTORS (GM) of the linked. "Enasa was only for Spain. US is unlikely to reopen negotiath that no European dealer network tions to take over Enasa, the state- to speak of," Mr Price said. owned Spanish heavy truck pro-ducer, said Mr Bob Price, executive Enasa have been kept open because

Group.
GM pulled out of talks with the Spanish Government last October after 10 months of discussions about the loss-making truck

DAT LITTICE S attempts to buy Leyland Trucks
and Land Rover from BL in Britain
came to nothing his company would
not turn to Enasa as an alternative.

Toycta of Japan has also told Enasa it would be interested in a variation of the state of the company would
not turn to Enasa as an alternative. The Leyland and Enasa negotia- an offer for the whole of the busi-

tions had been separate and not ness.

vice-president of GM's Overseas the Spanish company is hoping to set up a licensing deal to replace its GM pulled out of talks with the rapidly againg range of medium

GM has offered Enasa vehicles designed by its Japanese associate, Isuzu, but Mr Price indicated he did

Beghin-Say plans Milan listing BY ALAN FRIEDMAN IN MILAN

BEGRIN-SAY, the French sugar. Beghin-Say have a combined share foods and paper group which last of around 18 per cent of the Euroweek came under the effective conpean market. trol of Italy's Ferruzzi agribusiness share issue

Although plans are still at a preliminary stage, the Milan share is- per cent. sue would represent part of the pro-cess by which Ferruzzi is consoli-dating its hold on the French group. In Say, thus boosting its sharehold-in the sugar business, Ferruzzi and

Ferruzzi first took control of concern, is understood to be plan-ning to seek a quotation on the Mi-lan bourse and to raise cash via a Paris, and Mr Raul Gardini, Ferruzzi managing director, decided then to reduce the stake from 50 to 40

Esselte lifts turnover by 14%

BY DAVID BROWN IN STOCKHOLM

ESSELTE Business Systems (EBS), the US-based subidiary of Reselte office supplies and packaging company of Sweden, lifted its 1985 pretax profit from \$57.1m to \$68.9m.

were hit by a \$3.1m exchange loss in connection with the group's sale

Turnover climbed 14 per cent to \$885.5m, compared with the \$610.2m achieved a year earlier. Fourth-quarter sales climbed 25 per cent to \$204m, while net profits advanced from \$7.7m to 8.4m.

It said all three divisions nad otherwise developed strongly durting the groun plane in the groun plane is acquisitions procent to \$204m, while net profits advanced from \$7.7m to 8.4m.

EBS said fourth-quarter profits of a South African subsidiary.

RELAXATION OF RESERVE POLICY SIGNALS EASING OF DEBT CRISIS Deutsche Bank unit turns the corner

cutting the volume of the bank's dollar credit exposure in terms of D-Marks of Luxembourg francs.

Even with this improvement in the position of its Luxembourg subsidiary, however, the parent bank – Deutsche Bank AG – will still receive no dividend payment. The entire net profit is being used to strengthen the Luxembourg bank's open reserves.

Mr Ulrich Weiss, chairman of Deutsche Bank Luxembourg's ad-

first time since 1981 that the bank has shown as net profit in its accounts. In 1982 the Mexican emercounts, in 1982 the Mexican emermake up by far the bigsest single

Mr Ulrich Weiss, charman of Deutsche Bank Luxembourg's administrative board, stressed that

ing all available operating earnings into loan loss reserves.

Now Deutsche has eased its tance slightly. From operating arnings virtually unchanged has business because of the debt prob-lem, and the fierce battle at histori-hanks have to deposit funds intercally low interest margins for the est free with the Bundesbank. It relatively few top-ranking custom- was these requirements which

no longer sending so much "a red Deutsche Bank Luxembourg's bal- no such rules exist.

in 1985 by nearly 16 per cent to DM 26.2bn and credit volume by almost 20 per cent to DM 20.9bn. The fall in the dollar is responsible for only about half of this decline.

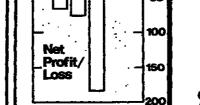
Generally. Euro-business booming in the use of new financial instruments such as Revolving Un-derwriting Facilities and Note Issuing Facilities. But the Deutsche displayed marked caution towards several of these innovations and favoured efforts by supervisory au-thorities to control them.

The key condition, the bank stressed, was that the same control his bank saw no reason to reconsider its position in the Grand Duchy let alone to move out.

This is partly reflected in operations in Luxembourg, where

chief executive of which, Mr Frank

EASTERN Turnover 50 Profit/ Loss 1980 B1 82 83 84 85 1980 '81 '82 '83 '84 '85



Colonel Frank Borman: Eastern president and chief

at one stage last year when they touched \$12%.

The Harvard Business Review said in an article late last year, focusing on the dramatic turnround, that the "Eastern story suggests a genuinely new model of labour relations in an unionised setting, one that reaches well beyond conventional employee involvement."

The review noted that one of the rival, must be a bitter disappointreasons for the turnround was a ment for Mr Rosman who only a few months ago was being halled for saving the 58-year-old airline "remarkable contract" negotiated between the company and the International Association of Machinists (IAM), the largest of Eastern's In 1983, when the airline had been on the brink of bankruptcy,

with serious labour problems which was being confronted by fierce competition from the new generation of cut-price carriers like Continental Air Lines and People Express. It appeared as if the remarkable deal with the IAM was going to save the company.

Two years later Eastern was reporting record profits, employees tween Eastern and its main union were enthusiastically suggesting did not last long. The outbreak of a ways to raise productivity and lowfierce price war late last year and sharply increased competition on Eastern's profitable Florida routes er costs, and brokerage firms were putting their clients in Eastern. Eastern's profitable Florida routes the culmination of a 15-year battle wage but to 22 per cent or overall shares of which more than tripled pushed the company into heavy to establish himself as a major costs from 36 per cent, Continental

losses in the second half of 1985.

The company reported a fourtharter loss of \$67.4m, its bankers became restive and Mr Borman was forced to seek further concessions. He wanted to cut the compa-

William Hall and Paul Taylor contrast the management styles of two airline chiefs

It was Texas or bust for Eastern

ny's 1986 payroll of \$2bn by a quar-ter. Something had to give. Eastern said yesterday it had reached tentative agreements reflecting reduced wage and relaxed work rules with the pilots' union and the flight attendants' union. However, it said the IAM, which recently agreed to a new wage contract giving them a 14.5 per cent in-

"Because of the refusal of Charles Bryan, President of District 100 of the IAM, to take appropriate action, the board of directors had no choice but to agree to the sale of the air-line", Eastern said yesterday.

consider any cost relief for the air-

For 45-year-old Mr Lorenzo, who

force in the US airline industry. Mr Lorenzo has been involved in controversy ever since he took over

and revived near-bankrupt Texas International Airlines (TIA) in 1972. He first enraged organised labour in 1980 when he set up New York Airlines as a non-union carrier flying the East Coast routes.

Two years later, after a brutal takeover battle, he took control of Continental Airlines, the operations which were merged with TIA. His boldest move, however, came in September 1963, when he put Con-tinental into Chapter 11 of the US Bankruptcy Code after failing to win substantial wage concessions crease by 1987, "would not agree to from the workforce.

In the wake of the Chapter 11 filing Mr Lorenzo tore up all the old wage contracts and slashed pay-rates by 50 per cent. The action triggered a bitter two-year strike by Continental's 1,400 pilots.

Despite trade union opposition. is also chairman of Texas Air's
main subsidiary, Continental Airduring its Chapter 11 proceedings lines, the eighth largest US carrier by hiring from outside the company with \$1.75n in revenues last year, and persuading strikers to return to the deal with Eastern appears to be work. By slashing costs, cutting its the culmination of a 15-year battle wage bill to 22 per cent of overall

has reduced its break-even load factor to 61 per cent.

Buoyed by these lower costs the year history.

ing pilots finally conceded defeat, and last week a US bankruptcy

recent financial success, his "unionbashing reputation continues to be one of his biggest liabilities. Last year, Texas Air lost a \$1bn bid for troubled Trans World Airlines which was eventually acquired by Mr Carl Icahn, the Wall Street financier and corporate raider. Shortly afterwards, Mr Lorenzo lost out to People Express in another unsuccessful bid for Frontier Airlines, a regional carrier. In both cases, union opposition was a key factor in Mr Lorenzo's defeat.

like an explosive mix.

FMC acts to bolster takeover defences

SHARES in FMC, the Chicagobased industrial conglomerate, rose sharply yesterday in response to a \$1.7bn recapitalisation plan which reduces public ownership and strengthens the company's antitakeover defences.

FMC, which produces chemicals, lefence and ciffield equipment, will give shareholders \$70 in cash and one new common share for each share currently held.

However, members of the man gement and employee benefit plans will receive four new shares instead of the cash distribution.

This will boost shares outstand ing from 28.8m to 36.2m but reduce public ownership from 81 per cent to 60. The stake of internal holders will rise from 12 per cent to about 40. In mid-morning trading yester day, FMCs shares were up \$2% to \$88%.

The company said it planned to raise \$1.3bn in bank debt and issue \$400m in subordinated debt to finance the plan.

FMC also plans a poison-pill anti-takeover move, giving shareholders rights which would make the company prohibitively expensive for a ostile bidder. Mr Robert Malott, chairman and

chief executive, said the company was not aware of any large accumulations of its stock, but the right plan would "protect shareholds from wolves in sheep's clothing." The recapitalisation will essen

tially reverse the current debt/equity ratio. However, Mr Malott said the increased leverage created an opportunity for shareholders to

earn higher returns. FMC made a net loss of \$126.3m in 1984 after a \$167m reserve for estimated losses from the sale of busihad recently considered several re tructuring alternatives aimed at increasing shareholder value.

Cartel Office rejects **VEW** expansion plans

BY RUPERT CORNWELL IN BONN

COLONEL Frank Borman, the for-mer US astronaut who heads Eastern Air Lines, had said this week

would be the most important in the history of America's third biggest

The Mizmi-based carrier faced a

showdown with its pilots, who were

due to strike on Wednesday, and its

nervous lenders had given it until Friday to win about \$450m in new

wage concessions or ne in terminal default on its \$2.50n long-term debt. ecessions or be in technical

Early yesterday Eastern Air

Lines announced it had reached agreement in principle to be taken

over by Texas Air, a leading cut-

price US airline. Texas Air, the

Lorenzo, has been a pioneer of cut-

price air travel, is one of the biggest

success stories spawned by the de-

regulation of the US airline indus-

try. Eastern Air Lines appears to be

Mr Borman said yesterday:

There is tremendous potential in

this agreement to make Eastern a

much stronger and competitive air-

line. There is no question that the

sale was in the best interest of our

However, it is clear the decision

employees and shareholders."

from almost certain extinction.

Colonel Borman and Eastern's

unions negotiated a revolutionary

power-sharing agreement. In ex-change for \$380m in wage conces-

sions, Eastern's 38,000 employees

received 25 per cent of the company's stock and four seats on its

the biggest casualty to date.

of Vereinigten Elektrizitätswerke Westfalen (VEW) of increasing its stake in Ruhrkohle AG, the coun-try's largest coal producer through the purchase of a French energy holding company.

The ministry yesterday rejected VEW's appeal against a ruling by the Federal Cartel Office in Berlin that barred it from taking control of Sidechar SA of Paris.

Sidechar already owned 8.25 per and Sacilor steel groups and the cent of Ruhrkohle, a stake which, coal utility Charbonnages de added to the 22 per cent VEW previ- France.

THE WEST GERMAN Economics ously held, would have lifted VEW's Ministry has killed off the hopes holding to around 30 per cent. The ministry said that what advantages there were in the deal were insufficient to make up for the threat it posed to competition. VEW now has a last theoretical option of trying to overturn the latest ruling in the Berlin courts, but that seems Last night VEW would not say

how much it was ready to pay for Sidechar. The French company is owned by, among others, the Usinor and Sacilor steel groups and the

Amax to sell tungsten interests

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

ABLAX, the US mining group which is disposing of "non-core" assets as marketing its products. At present part of a restructuring programme, it has a sales agreement with is to sell its tungsten interests for about C360m (US\$43m) to Canada which Dome Mines has a 20 per Tungsten Mining, in which it has a 57 per cent stake.

The agreement with a sales agreement with Amax. The Canadian company, in which Dome Mines has a 20 per cent stake, has as its main asset a tungsten mine in the Northwest AMAX, the US mining group which Tungsten will be responsible for

The assets include rights to the Hemerdon mining property in the UK, near Plymouth, a Canadian mine in the Northwest Territories, through an issue of common shares

a long-term leasehold interest in
Amax's ammonium paratungstate
plant in Fort Madison, Iowa, and
the company's tungsten stocks.
After the acquisitions Canada

After the acquisitions Canada

LTCB International Limited

Shearson Lehman Brothers International

Commerzbank Aktiengesellschaft

Crédit Lyonnais

Dai-Ichi Kangyo International Limited

Fuji International Finance Limited

The Nikko Securities Co., (Europe) Ltd.

Sanwa International Limited

Sumitomo Trust International Limited Tokai International Limited

airline's profits have bounced back. After losing \$180m in 1983, the air-

line reported net earnings last year of \$60.9m - the highest in its 51-In November Continental's strik-

court approved Continental's plan of reorganisation finally clearing the way for it to emerge from Chap-Despite Mr Lorenzo's undoubted

Now Mr Lorenzo has agreed to acquire one of the most heavily unionised US air carriers. It looks

February, 1986

this announcement appears as a matter of record only.

Westinghouse Credit Corporation

(Incorporated in the State of Delaware, U.S.A.)

Japanese Yen 15,000,000,000 63/4% Notes Due 1996

Issue Price 1011/4 per cent.

Credit Suisse First Boston Limited

Banque Bruxelles Lambert S.A.

Kredietbank International Group

Morgan Guaranty Ltd

Nomura International Limited Yasuda Trust Europe Limited

Chemical Bank International Group

Crédit Commercial de France Dai-Ichi Europe Limited .

Daiwa Europe Limited .

Goldman Sachs International Corp.

Lloyds Merchant Bank Limited

Salomon Brothers International Limited

Sumitomo Finance International

Union Bank of Switzerland (Securities) Limited

Swiss Bank Corporation International Limited

Yamaichi International (Europe) Limited

some good news about the interna-tional debt crisis. As usual, the bank's executive publicly warned that the crisis was far from over, as they presented the preliminary results for 1985. But at the same time they announced that Deutsche Bank Compagnie Financière Laxembourg made an after tax profit last year of

DM 36.3m (\$15.5m). The sum is modest – but it is the first time since 1981 that the bank gency heralded a new, still more serious, turn in the debt problem, and the Deutsche, like many other banks in Luxembourg, began plunging all available operating earnings into loan loss reserves.

earnings virtually unchanged last year at DM 300m, "only" about DM 255m is being added for provision

make up by far the biggest single contingent of credit institutes in Luxembourg, will also declare a

indicates, as one executive of the ers who remain. bank put it, that the debt problem is

THE LUXEMBOURG subsidiary of Deutsche Bank. West Germany's built up over the years to a total of warning amber. That is good news, biggest bank, has implicitly sent out DM 1.7bm — a buffer against debt not least for the Luxembourg tax shocks which looks ever more adequate as the US currency drops, cutting the volume of the bank's to build loan loss reserves and have

caused the German banks to start

Finally, West Germany has re-cently decided to cut minimum re-

MOHAMED BINLADEN ORGANISATION

S.R. 100,000,000

Revolving Underwritten Note Placement Facility

Arranged by

Al Bank Al Saudi Al Fransi (The Saudi French Bank)

Adviser to the Issuer

Saudi Investment Company

Underwriter and Placing Agent

Al Bank Al Saudi Al Fransi (The Saudi French Bank)

February 1986





U.S. \$750,000,000

The Sumitomo Trust & Banking Co., Ltd.

London Branch

February, 1986

Certificate of Deposit Issuance Program

Dealers

Bankers Trust International Limited Salomon Brothers International Limited Shearson Lehman Brothers International

Arranged by **Salomon Brothers International Limited**

THE KOREA DEVELOPMENT BRNK

US \$100,000,000 Floating Rate Notes 2001

Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from February 26, 1986 to August 26, 1986 the following information is relevant:

1. Applicable Interest Rate:

8% per annum

Interest payable on next Interest US \$421.08 Payment Date: per US \$10,000.00 nominal or

US \$10,526.91 per US \$250,000.00 nominal 3. Next Interest

Payment Date: February 24, 1986

August 26, 1986 BA Asia Limited £85,000,000



Floating Rate Notes Due 1991

123/4% per annum

Interest Period

21st February 1986

Interest Amount per £5,000 Note due 21st May 1986

£155.45

Credit Suisse First Boston Limited Agent Bank

INTE: COMPANIES & FINANCE

Sulzer confirms return to profit

By Our Zurich Correspondent

SULZER Brothers, the Swiss engineering group, has confirmed a return to profits last year after consolidated losses of SFr 102m (\$62m) in 1983 and SFr 18m in 1984.

The Winterthur-based concern, which announced in December that it expected "at least a balanced profit-and-less account," now says that both the parent company and the group as a whole should be back in the black. It stresses, however, during 1985.

Group turnover rose by 7 per cent to SFr 4.5bn last year, while total new-order value improved by 4 per cent to SFr 4.8hn. In the case of the parent company, orders were up by as much as 16 per cent over the year to SFr 2.2bn of this total, 1985 sales having increased by 10 per cent to a share of SFr 2.3bn.

• Motor-Columbus, the Swiss civil engineering concern, has set up a rich-based joint-venture compa-

ny with the Enator group of processing consultancy with 400 employees and activities through-

out Europe. The new company, Enator Co-lumbus, will offer management advice in the planning, introduction and use of new information and Columbus, already active in this field, sees the co-operation with the Swedish group as opening up new

market segments.

Consolidated sales of the Swissowned Sika group, a leading inter-national producer in the building chemicals sector, rose by 7 per cent

Cashflow and net earnings should have grown by "at least this percentage," according to the par-ent company, Sika Finanz. In calen-dar 1984, these figures had risen to SFr 41.2m and SFr 17.4m,

espectively. A similar expansion rate is ected for the current year.

Australian licence for UBS

UNION Bank of Switzerland (UBS) based in Zurich, has been licensed to open a merchant bank in Australia. Although UBS already operates there, particularly in project innering, it has been limited to a tative office in Sydney.

sion to open a representative office in Melbourne. Apart from its own representative offices in Sydney-and Melbourne, the Basie-based

At the same time, Swiss Bank Corporation yesterday disclosed that its London subsidiary, SBC International, had received permis-

banking group has run SBC Australia as a merchant bank since 1971 and last year set up SBC Fund

The merchant-bank hoence for UBS could ease the situation for Swiss operations of Grindley's Bank. Since this passed into Ausiralian ownership, the Swiss Bank-not among those foreign institutes ing Commission has delayed a de- to receive one of the 16 full banking finitive renewal of its banking li- licences granted by the Canberra

day indicated that the status of Grindlay's in Switzerland should

The Swiss authorities, who were



American Medical International, Inc. (Incorporated with limited Embility in the State of Delaware)

£50,000,000

97/s per cent. Unsecured Loan Stock 2011 Issue Price: 88.255 per cent.

The issue has been underwritten by **Barclays Merchant Bank Limited**

Application has been made to the Council of The Stock Exchange for the whole of the above Stock to be admitted to the Official List. In accordance with the requirements of the Council of The Stock Exchange, £5,000,000 of the Stock will be available to the market until noon (London time) on 26th February, 1986. The Stock is payable as to £30 per cent. on acceptance and as to the balance not later than 25th April, 1986. Interest will be payable

qually in arrear on 15th January and 15th July commencing on 15th July, 1986. lings are expected to commence on Wednesday, 26th February, 1986. Information relating to the Stock and American Medical International, Inc. are available in the statistical services of Extel Statistical Services Limited and copies of the listing particulars may be obtained during usual business hours up to and including 27th February, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 11th March, 1986 from:

c/o The Corporation Trust Company

This announcement appears as a matter of record only.

The securities have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to United States persons as part of the distribution.



EMHART CORPORATION

(incorporated in the Commonwealth of Virginia, United States of America)

£35,000,000 11 per cent. Notes 1992 Issue Price 100% per cent.

Kleinwort, Benson Limited

Bankers Trust International Limited

Banque Nationale de Paris

Baring Brothers & Co., Limited

Chase Investment Bank

Deutsche Bank Capital Markets Limited

Genossenschaftliche Zentralbank AG Vienna

Morgan Grenfell & Co. Limited

Nomura International Limited

Swiss Bank Corporation International

November 1985

Banque Bruxelles Lambert S.A.

Barclays Merchant Bank Limited

Credit Suisse First Boston Limited

Berliner Handels- und Frankfurter Bank

Dresdner Bank Aktiengesellschaft

Kredietbank International Group

The Nikko Securities Co., (Europe) Ltd. Shearson Lehman Brothers International

Union Bank of Switzerland (Securities) Limited

U.S. \$150,000,000

Homestead Savings.

Collateralized Floating Rate Notes Due 1995

Interest Rate

83/8% per annum

Interest Period

24th February 1986 ::" 27th May 1986

Interest Amount per U.S. \$100,000 Note due 27th May 1986

U.S. \$2,140.28

Credit Suisse First Boston Limited

... NOTICE OF EARLY REDEMPTION DANSK OLIE & NATURGAS A/S US\$100,000,000 GUARANTEED FLOATING RATE NOTES DUE APRIL 1999 now known as

DANSK NATURGAS A/S US\$100,000,000 FLOATING RATE NOTES DUE APRIL 1999

Notice is hereby given that in accordance with condition 6(c) of the terms and conditions of the notes, the company will redeem all of the outstanding notes, being U.S.\$100,000,000 nominal amount, at their principal amount on April 9, 1986 when interest on the notes will cease to accrue. Payment of principal together with payment of interest due April 9, 1986 will be made in accordance with the terms and conditions of the notes at the offices of any of the paying agents who continue to be as listed in the terms and conditions of the notes.

THE CHASE MANHATTAN BANK N.A. LONDÓN, FISCAL AGENT

CHASE

All of these Securities have been sold. This announcement appears as a matter of record only

U.S. \$100,000,000

Republic of Austria Pass-Through Securities Limited

11% Notes due 2000

secured upon, and issued contemporaneously with 100,000 Warrants to acquire

U.S. \$100,000,000

Republic of Austria

11% Notes due 2000

MORGAN STANLEY INTERNATIONAL

PRUDENTIAL-BACHE SECURITIES INTERNATIONAL

S.G. WARBURG & CO. LTD.

BANKAMERICA CAPITAL MARKETS GROUP

GROUP

BANQUE BRUXELLES LAMBERT S.A.

BANQUE NATIONALE DE PARIS

UNTY BANK CREDIT SUISSE FIR
Limited Limited

CREDITANSTALT-BANKVEREIN

DAIWA EUROPE Limited NOSSENSCHAFTLICHE ZENTRALBANK AG

GIROZENTRALE UND BANK DER C

SCHEN SPARKASSEN

COMPANIAN SACIS IN I BRUNE I AND FRANK

Limited

Limited

LON REOTHERS INTERNATIONAL

USTERREICHISCHE LANDERBANA Aktiengevelleckeft SALOMON BROTHERS INTERNATIONAL

SHEARSON LEHMAN BROTHERS INTERNATIONAL

SUMITOMO TRUST INTERNATIO

February 18, 1986

All of these Securities have been sold. This announcement appears as a matter of record on

The Coca-Cola Company

U.S. \$100,000,000 9%% Series A Notes Due 1992 and 100,000 Warrants to Purchase U.S. \$100,000,000 9%% Series B Notes Due 1992

MORGAN STANLEY INTERNATIONAL

BANQUE BRUXELLES LAMBERT S.A. BANQUE INDOSUEZ BANQUE NATIONALE DE PARIS

BARING BROTHERS & CO.,

COMMERZBANK

CREDIT COMMERCIAL DE FRANCE

CREDIT LYONNAIS CREDIT SUISSE FIRST BOSTON

CREDITANSTALT-BANKVEREIN

DEUTSCHE BANK CAPITAL MARKETS

DRESDNER BANK Aktiengesellschaft

GENOSSENSCHAFTLICHE ZENTRALBANK AG

GOLDMAN SACHS INTERNATIONAL CORP.

GREAT PACIFIC CAPITAL S.A. IBJ INTERNATIONAL

MERRILL LYNCH CAPITAL MARKETS

MITSUBISHI FINANCE INTERNATIONAL

MORGAN GUARANTY LTD

NOMURA INTERNATIONAL
Limited

SOCIETE GENERALE

SUMITOMO TRUST INTERNATIONAL

SWISS BANK CORPORATION INTERNATIONAL

UNION BANK OF SWITZERLAND (SECURITIES)

S.G. WARBURG & CO. LTD.

February 18, 1986

All of these Securities have been sold. This announcement appears as a matter of record only

Tenneco Corporation

(Incorporated in the State of \overline{D} elaware, U.S.A.)

U.S. \$100,000,000 10% Guaranteed Notes Due 1989

U.S. \$100,000,000 11% Guaranteed Notes Due 1995

Payment of principal and interest unconditionally guaranteed by

Tenneco Inc.
(Incorporated in the State of Delaware, U.S.A.)

MORGAN STANLEY INTERNATIONAL

MERRILL LYNCH CAPITAL MARKETS

ALGEMENE BANK NEDERLAND N.V.

AMRO INTERNATIONAL
Limited

BANQUE NATIONALE DE PARIS

WWEDZD I WY

CREDIT LYONNAIS

CREDIT SUISȘE FIRST BOSTON

Aktiengesellschaft

NK CAPITAL MARKETS

DRESDNER BANK

GENERALE BANK

IBJ INTERNATIONAL

MORGAN GRENFELL & CO

MORGAN GUARANTY LTD

NOMURA INTERNATIONAL
Limited

ORION ROYAL BANK SALOMON BROTHERS INTERNATIONAL Limited SWISS BANK CORPORATION INTERNATIONAL UNION BANK OF

Limited
ON RANK OF SWITZERIAND (SECTIRITIE

S.G. WARBURG & CO. LTD.

February 18, 1986

YAMAICHI INTERNATIONAL (EUROPE)

All of these Securities have been sold. This announcement appears as a matter of record only

U.S. \$250,000,000

General Motors Acceptance Corporation

104% Notes Due 1992

MORGAN STANLEY INTERNATIONAL

CREDIT SUISSE FIRST BOSTON
Limited
NOMURA INTERNATIONAL
Limited

MERRILL LYNCH CAPITAL MARKETS

SALOMON BROTHERS INTERNATIONAL
SWISS BANK CORPORATION INTERNATIONAL

ALGEMENE BANK NEDERLAND N.V.

BANK LEU INTERNATIONAL LTD

BANKERS TRUST INTERNATIONAL
Limited
RANQUE GENERALE DU LUXEMBOURG

BANQUE BRUXELLES LAMBERT S.A.

BANQUE NATIONALE DE PARIS

BANQUE GENERALE DU LUXEMBOURG S.A.

BANQUE PARIBAS CAPITAL MARKETS

COMMERZBANI Aktiengeselischaft

CREDIT LYONNAIS

DEUTSCHE BANK CAPITAL MARKETS

Limited

CREDITANSTALT-BANKVEREIN GENERALE BANK

GENOSSENSCHAFTLICHE ZENTRALBANK AG Vienna KIDDER, PEABODY INTERNATIONAL Limited IBJ INTERNATIONAL Limited KLEINWORT, BENSON Limited

LLOYDS MERCHANTS BANK
Limited
ORION ROYAL BANK
Limited

NIPPON CREDIT INTERNATIONAL (HK) LTD.

SOCIETE GENERALE

SUMITOMO TRUST INTERNATIONAL

UNION BANK OF SWITZERLAND (SECURITIES)
Limited

February 18; 1986



Australian Resources Development Bank Limited

(Incorporated under the laws of the State of Victoria, Australia with limited liability)

U.S.\$100,000,000

131/2 per cent. Deposit Notes Due 1987

Notice is hereby given in accordance with Condition 4(a) of the above Deposit Notes (the "Notes") as printed on the reverse of the Notes that Australian Resources Development Bank Limited (the "Bank") wish to redeem all the Notes on 11th April, 1986 (the "Redemption Date") at a price of 101 per cent. of their principal amount (the "Redemption Amount").

Payment of the Redemption Amount, together with accrued interest to the Redemption Date, will be made on or after the Redemption Date against presentation and surrender of the Notes at the offices of any of the Paying Agents listed below. Notes should be presented for payment together with all unmatured Coupons, failing which the face value of any missing unmatured Coupon will be deducted from the sum due for payment. Any amount of principal so deducted shall be paid against surrender of the relative missing Coupon within 10 years from the date on which such Coupon is expressed to become due. Notes and Coupons will become void unless presented for payment within 10 years from the relevant date as defined in Condition 7 of the Notes. Interest will cease to accrue on the Notes on the Redemption Date.

> PRINCIPAL PAYING AGENT Swiss Bank Corporation, Aeschenvorstadt 1, 4002 Basie, Switzerland

PAYING AGENTS

Bankers Trust Company, (Corporate Trust Division), One Bankers Trust Plaza, New York City, New York 10006 Kredietbank S.A. Luxembourgeoise,

43 Boulevard Royal, Luxembourg

Banque de Paris et des Pays-Bas, PO Box 141, 3, Rue d'Antin, 75060, Paris

Swiss Bank Corporation 99 Gresham Street. London EC2P2BR

By: Swiss Bank Corporation International Limited for and on behalf of Australian Resources Development Bank Limited

National Bank of Sharjah

U.S.\$25,000,000 Floating Rate Certificates of Deposit due 1988

In accordance with the privisions of the above Certificates, notice is hereby given that for the six months from 21st February 1986 to 21st August 1986, the Certificates of Deposit will carry an interest rate of

The interest payable on each U.S.\$250,000 Certificate on the





THE KINGDOM OF DENMARK

000,000,0013

Floating Rate Notes due 1998

In accordance with the provisions of the Notes and the Agent Bank Agreement between The Kingdom of Denmark and Citibank, N.A., dated 22 November, 1983, notice is hereby given that the Rate of Interest has been fixed at 1211/16% pa and that the interest payable on the relevant Interest Payment Date, May 27, 1986, against Coupon No. 10 will be £1,598.97.

February 25, 1986 By: Citibank, N.A., London, Fiscal Agent

CITIBANCO

Telex: 27347 FTCONF G

FT-CITY

COURSE

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Some 4,000 managers and trainees from over 800 organisations representing all sectors of finance and indus-

try have attended this Course arranged jointly by the Financial Times and the City University Business School Designed for employees in

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reflect the changes that are taking place in one of the world's major financial and

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trading centres

his field.

INTL. COMPANIES & FINANCE

Kenneth Gooding reports on an improving US trucks venture

Volvo White wipes the slate clean

VOLVO'S US truck venture has gone much better than ex-pected, says Mr Sten Langenius, president of the Swedish group's truck business. In 1981 Volvo paid \$75m for the assets of the bankrupt White Motor, including three factories, and calculated it would cost another \$75m to get

shape Mr Lancenius says that since February 1984 the business, now renamed Volvo White, has been profitable.

the organisation back into

Last year Volvo White increased its share of the US heavy truck market (over 16 Volvo White tonnes gross weight) by more than one percentage point from 6.7 to 8.4 per cent with deliveries up from 10,800 to 13,200 and "the level of profitability was satisfactory," according to Mr

Volvo White reported a net profit of \$30m for 1984 following a \$25m loss for the previous year. Mr Langenius says that the subsidiary has now reached the point where it has recouped all the \$60m losses incurred

since 1981.

However. "we still have a long way to go before we are sure of our ground in that very competitive market." he adds. Mr Langenius insists that Volvo needs to be represented in the US heavy truck market. which is about the same size as 2,600 that in Western Europe, be-trucks cause it must have volume to cover the cost of its commit-car vehicles which Volvo White

of output." Research and development costs are acrelerating. Volvo Truck Corporation spent Skr tru 800m (\$109m) in 1983, Skr 958m slig in 1984 and Skr 1.1bn last year. 198 Mr Langenius estimates that in 1986 the bill will rise by an-

ber of trucks elsewhere. account for Currently the Volvo diesel truck range.

company is to develop and produce its own power units.

While production of the key Although

truck components cannot be fragmented and spread around the world, it makes economic sense to assemble vehicles in other countries because, among other things, there are savings to be made in transport costs.
Only one third of Volvo's trucks are assembled in iweden.
In the US Volvo is not trying

to force its integrated driveline philosophy on unreceptive customers (although it did sell 2,600 Swedish-built Volvo trucks in the States last year).

ment to vertical integration, also produces in the States, are The company believes it must still sold with engines, transproduce all the key elements in a truck's driveline (engine, gearbox, axles) "because that case with the vast majority of makes for a better, more effective."

When the truck's driveline (engine, pendent suppliers — as is the gearbox, axles) "because that case with the vast majority of makes for a better, more effective." we truck."

However, some White trucks
Mr Langenius suggests: with Volvo engines installed

There is no way an integrated are already operating on trial producer can be viable without in some big US fleets. Mr producer can be viable without in some big US fleets. Mr a presence both in the US and Langenius says, although that is Europe to spread the develop-ment costs over bigger volumes white trucks will be designed White trucks will be designed to incorporate key Volvo com-

Volvo delivered about 42,000 trucks world-wide last year, slightly down on the 42,000 for

other Skr 50m to Skr 75m. Corporation last year did not Volvo's philosophy is to pro-Volvo's philosophy is to produce all its transmissions, when it was Skryoum, occasioned and axles in Sweden of the cost of introducing the new FL truck models which new FL tr

tion is still very bad, particu-larly in the US." recently as 1982.

Mr Langenius says the Truck

non-Communist world demand for heavy trucks —over 16 tonnes gross weight and a sector which accounts for eight out of ten Volvo truck sales — increased by about 3 per cent last year to more than 400,000, the industry had the capacity to produce 700,000 vehicles. So it continued to be

Two of Volvo White's new Intercooler range of beavy duty trucks

per cent this year when demand expected to ease back to

duce about 41,400 trucks of 16 tonnes and over in 1986. In the vants to boost sales with the help of the new FL vehicles, from 7,000 to over 10,000 a year. Volvo forecasts that in 1986 the West European heavy truck market should be about 120,000, the same as last year, but that US demand might fall from 151,000 to 127,000.

The rest of the world, where sales reached 156,000 last year, is likely to account for 127,000 heavy trucks in 1986.

Included in the rest of the world total are sales in the Middle East, which reached 70,000 in 1982, fell to 16,000 last year and are expected to remain at about the same level in 1986. Volvo trucks are assembled in two factories in Iran and the company's ability to do barter deals with the help of a sister

Mr Langentus says the 11 technology of the holding in Volvo of Brazil last year and it is now a subsidiary. The Brazilian factory at Curitiba, set up in 1980, delivered about 7,000 trucks last year and avery fourth heavy truck sold every fourth heavy truck sold in Brazil is a Volvo.

Volvo claims that it had a 14.4 per cent share of West European heavy truck sales venicles. So it continued to be plagued by excess capacity and severe price competition.

Volvo improved its share of the world market from 8.9 to 9.2 per cent, claims Mr Langenius, and is hoping for 9.6 Renault, 10.8 per cent, this year when demand the severe price competition.

Volvo improved its share of the severe price competition.

Daimler-Benz of West Germany — with 20.3 per cent — and an anterior west sales that year, putting it behind only the sales are price competition.

Respectively. Renault, 10.8 per cent, Iveco (the Fiat subsidiary) 9.4 per cent and Daf, 8.0 per cent.

Mr Langenius says that efforts This suggests Volvo will pro- to build a reasonable dealer network in West Germany are now beginning to show signs of paying off and Volvo sold more than 1,000 trucks in that coun-

try last year—a record. He sugests that the European producers have the capacity to produce 100,000 more heavy trucks than they need and the excess capacity is spread through the UK Germany, France, Italy and Spain. "We will have to live with it for a very long time.

"Eventually bits of excess capacity will be taken out. Manufacturers are considering what might be done—but the path is very, very difficult. The restructuring of the European industry will be a very difficult

Mr Langenius says Volvo is not involved in any serious negotiations with any other manufacturer in Europe. But if engine factories are working Volvo "could do a little betseven days a week on two shifts ter" financially in 1986. Mr deliver 3,000 trucks to the ducer it would be to sell more
and that way recover the heavy Langenius believes but he middle East in 1985. That com Volvo trucks — not those with
investment necessary if the points out that "price competiinvestment necessary if the points out that "price competi-

All these securities having been sold, this announcement appears as a matter of record only.



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INTL. COMPANIES & FINANCE

Cloudy outlook for Mexican group

and consequent recession in 1982-84. But after smartening up their accounts during the premature recovery of 1985 they now face a year of uncertainty. Nowhere are these concerns better crystallised than in the Monterrey Group, the largest private business concentration in Mexico, which also has the biggest private foreign debt in Latin America, owing nearly

The combined effort of the Monterrey Group companies (Alia, Visa, Vitro and Cydsa), the Mexican Government, and their international bank creditors ensured survival. Now, how-ever, the companies face a new

After negative growth in 1982 and 1983, there was a mini-boom in the last quarter of 1984, with GDP increasing at an annualised 7 per cent plus until the middle of last year. This breached the Government's main external and domestic targets, and led to an austerity package in July with a fullblooded deflationary budget for this year, when nil growth is

the Garza and Sada families.

"This is not what we had expected," says Mr Rafael Paez, period of 1984. chief executive of Alfa, Mexico's

Now we know we'll have Alfa, which includes some 120 companies that account for 4 per cent of Mexican exports,

was the most spectacular cor-porate casualty of the 1982 financial crisis and subsequent massive devaluations of the peso. Its foreign debt is \$2.6bn,

plemented by capital goods, syn- for LDCs." thetic fibres, paper, agribusiness and tourism. The debt rescheduling has been complicated by the obligations being spread in almost equal parts between the steel concern (Hylsa), the holding company, and the rest of the empire.

In essence, the restructuring package will convert \$300m of the debt into 30 per cent of Hylsa's sales are domestic, and in Hutchison's view, thetic fibres, paper, agribusiness

the debt into 30 per cent of tic. and in Hutchison's view, Alfa's common stock to be held this makes government controls

MEXICO'S leading private com-panies have survived — just— the country's financial collapse further 15 per cent of equity hinges. Steel prices have lagged behind inflation and often bear little relation to the rising cost

the banks of turning this into a further. 15 per cent of equity after 12 years with the rest to be repaid over 12 years at 10 per cent with five years grace.

The debt-for-equity swap is controversial in this protectively nationalist country which has always been ambivalent about the benefits of foreign investment. The banks have the right to nominate-nine members of a proposed with five the best of the state of the period of the pe

to nominate nine members of a however, temporarily flush with new 15-member board, with five from Alfa and one from the Government, which is also a major creditor.

The new formula fudges

the issue of central The nine provided against the foreign major creditor.

The new formula fudges These peso credit lines, the issue of control. The nine provided against the foreign bank representatives on the obligations, currently give com-

The Monterrey Group survived Mexico's finanstring of problems—chief among them a ferocious credit squeeze, higher taxes, and rigid price controls.

The Monterrey Group survived Mexico's finansolvent Mexico's finantaxes and tough price controls. David Gardner tion by keeping the controlled reports on its future plans

cipal parties to the reschedul-

This has been a hard blow half in the first three quarters for industry in general and the Monterrey Group companies in after financial charges amountparticular, which are majority ing to over a quarter of this, owned by various branches of Alfa had a consolidated net loss

The losses have been coming quarter at the Hysa steel plants which generate about a third of cash flow and 45 per cent of consolidated group income.

Hylsa developed the direct reduction steel technique which is perhaps the shining example of Mexican technology exports. and even now after more than three years, details of the restructuring package are not complete.

Alfa's core businesses are steel and betrochemicals, complemented by capital goods synthesis and pattern of the property of

After five years. Hylsa has re-

board will be Mexicans, selected panies a premium, and all the by mutual agreement." Alfa Monterrey Group companies' executives underline, and unconnected with any of the prinder money with the temporary money with the temporary excess cash. This is because Ficorca is pegged to CD (certifi-cates of deposit) rates, while

Treasury bills and dollars offer

much higher yields.

In Alfa's case the surplus and its investment yield is already earmarked under the restructur-ing deal. Visa, involved mainly in brewing and soft drinks an which has completed rescheduling of its foreign debt of down as Alfa has divested companies, cut its administration, pesos 50bn. Cydsa, with a and reduced energy costs by a quarter at the Hysa steel plants ask-flow is "adequate" while Vitro, which owes \$700m abroad, expects a Ficorca-generated cash Each company is handling its

> careful regard to the uppre-cedented credit restrictions the providing 70 per cent of had been financially Mexico's foreign exchange markets in South A delivers 45 per cent of tax Vitro - where exports rose 20

temporary riches with very

re examine cash devouring public enterprises, which mono-polise credit and the money markets, thereby pushing up interest rates to record highs. Careful management of the

finance director, says: "We haven't needed credit so far,

but if we had to finance new investment, we couldn't do it." The prospect of higher taxes and uncertainty over price controls is exercising both Visa and Vitro. Overall beer sales rose some 10 per cent last year, with Visa, which had c. its margins, able comfortably to preserve its 33.7 per cent. market share in both 1983 and

But the beer tax this yea will rise at least 10 per cent, and with 44 per cent of the value of each sale already going to the Treasury, Visa is uncercut its margins.

Soft drinks, paradoxically, saw a 22 per cent volume rise sought to discourage consump price rise below inflation The latter has also affected Vitro, which moved heavily into non-returnable drink con-

tainers after 1982 when the trend towards cans was reversed by the post-devaluation cost of imported aluminium.

Vitro is a little oasis for bankers dealing with Mexico,

a profitable expanding company with a 12 per cent return on equity. Its conservative bor-rowing policy meant it could face the 1982 crisis with some equanimity. It is well within creditors. Its debt to equify ratio, for example, is 0.7:1, about 10 times lower than

It has nonetheless absorbed many of the same lessons of the crisis as its Monterrey Group peers. The four groups within the group have all, for example, virtually halved inventories and Mr De La Garza of Cydsa says

the exchange rate instability of careful regard to the unprecedented credit restrictions the
Government introduced in its
July austerity package.

Last year's expansion also
coincided with a \$2bn drop in
oil revenue, which as well as
a specified 70 page cent of markets in South America. receipts. The tax shortfall has per cent last year for a value forced the Government to of \$125m — underlines consistency and marketing, something Mexican companies have not been good at.

This new emphasis on exports is the most positive sign in what promises to be the temporary cash surplus is there- toughest year of the post-1982 Alfa's common stock to be held this makes government controls fore crucial since, with oil recession and could well be its by the banks and convert a on steel prices the core issue prices still falling, few believe silver lining, for both the further \$50m of the debt into an which the debt rescheduling the credit restrictions will be Monterrey Group and the non-interest bearing convertible and possibly the group's future lifted in July as planned.



Cable Television & Satellite **Broadcasting**

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- How will the three way battle for the European audience between Mr Maxwell, Sky Channel and ITV's Super Channel turn out?
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- serious business?_ Are interactive services a business for the next decade rather than this?

subscribers that will turn cable television into a

* Will the price of home satellite receiving equipment fall rapidly enough to pose a threat to the growth of cable?

Some of the speakers taking part:-

Mr Robert Maxwell Publisher -Mirror Group Newspapers Ltd

M. Alain Giraud Conseiller Technique Ministère des PTT

Mr Jon Davey Director General UK Cable Authority

Mr David Plowright Managing Director Granada Television Ltd Independent Television

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"Again this market is really only open to the top name societies at present. Lenders in the Euro-markets are generally international banks, many of which have little knowledge so far of the building

FINANCIAL TIMES 8.2.86 **Building Societies Report**

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1985-86 third quarter results

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	13 weeks ended 27 Dec. 1985 £m	13 weeks ended 28 Dec. 1984 £m	39 weeks ended 27 Dec. 1985 £m
Turnover	351.3	352.2	1,008.1
Operating profit	41.0	35.3	106.7
Profit before taxation	41.9	40.6	112.1
Earnings per share	3.48p	2.95p	8.92p

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AT & T returns to the Euromarket Morgan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

AMERICAN Telephone & Tele-graph returned to the Euromarket yesterday for the first time since 1982. It is cashing in on the current vogue for long-dated paper and its 30-year issue met good demand, being increased late in the day from

\$200m to \$300m. Credit Suisse First Boston and Salomon Brothers are jointly running the books on the issue which bears a coupon of 9 per cent and issue price of 98; and will be used to refinance earlier, more expensive debt that is

Bankers say the current low level of interest rates has encouraged investor demand for 30-year paper as it carries a slightly better yield than short-dated issues and is more vola-tile in the secondary market. This means there is a better chance of capital gain if interest rates fell further. rates fall further.

But demand throughout the Eurobond market remains very selective and only top quality selective and only top quality names can hope to launch such paper successfully. Investors in the Far East were initially more receptive to the AT & T issue than those in Europe. Only late in the day after the Eurobond market picked up on the back of a rally in New York did the increase come through. Shortly afterwards, the namer was being afterwards, the paper was being quoted at a discount of 12 points, well within the 22 per

Brussels acts to block

bonds in Belgian francs

paper is guaranteed by Australia and bears a coupon of 81 per cent with an issue price of 1001. It sold very quickly in a market that is on the lookout for top quality sovereign names. Discounting the fees of 2 per cent the paper was launched at a margin of 25 basis points over

a margin of 20 dasis points over US Treasury issues. Despite this narrow margin it traded well within its fees, closing yesterday at less 1½.

By contrast a \$100m, five-year issue for Trafalgar House, the UK shipping to construction the UK shipping to construction concern, was moving rather slowly. Here the selectivity of investors came into play. The paper was launched at a generous net margin of 105 points over US Treasury issues, but suffered because Trafalgar House is not well-known to international investors.

international investors. By the close the bonds, which carry a 9 per cent coupon and issue price of par, were trad-ing just within their 17 per cent

Equity-linked issues remain, however, one of the most popular structures with investors in the market today. Renown Incorporated, the Japanese clothing company, proved yet again that this formula can hardly go wrong when it launched a \$100m issue through

quoted at a discount of 1‡ points, well within the 2½ per cent fees.

Also launched yesterday through Banque Paribas was a \$97.75m 10-year issue for Qantas, which will swap the proceeds and use them to finance aircraft acquisition. The

German bond markets were very strong yesterday afternoon, spurred by the positive trend in New York as well as the weakness of the dollar. In the domestic market yields on five year Pfandbriefs, or medium-term bank notes, fell below 6 per cent. Bankers say that the trend on Wall Street has awakened hopes of further interest rate cuts in Germany,

interest rate cuts in Germany, though some investors have now become suspicious that the fall of the dollar, which yesterday fell below DM 2.30, may

day fell below DM 2.30, may have been overdone.

A DM 200m issue for the Asian Development Bank was well-received despite a coupon of just 6½ per cent. Other terms of the bond, which is led by Deutsche Bank, include a maturity of 10 years and issue price of 99½. Also well-received was another Deutsche Bank-led issue for Wella, the hair-care and cosmetics concern.

hair-care and cosmetics concern.

Wella is raising DM 130m through a 10-year equity warrant issue carrying an indicated coupon of 2½ per cent. Each DM 5,000 bond will carry warrants entitling the holder to purchase six Wella shares at a price of DM 720 compared with yesterday's closing price of DM 745. As with many similar issues in the past, the bonds immediately shot to a premium, trading at around 105½ compared with the indicated issue price of par. cated issue price of par.

In other currency sectors American Medical, the US hospital company which operates the Harley Street Clinic in Lon-don, launched a £50m, 25-year

coupon of 9‡ per cent and issue price of 88.255 to give a yield to redemption of 11.293, which is 105 basis points — or a guinea in old money terms — over the equivalent 13‡ per cent gilt.

Canadian dollar bonds have canadian dollar bonds have recovered as pressure on the currency abated and yesterday saw yet another new issue. UBS (Securities) launched a C\$100m, five-year, 10 per cent issue at 100½ per cent for Scotia Mortgage Corporation, a subsidiary of Bank of Nova Scotia which is guaranteeing the deal.

NERSA, the European nuclear reactor company, is raising FFr 500m through a 10-year, 9½ per cent issue priced at 100½ and led by Credit Commercial de France. The deal met good demand and traded at a narrow } per cent discount. Banque Paribas launched an

issue of 50,000 warrants to buy into the Ecu 250m, 81 per cent World Bank issue due 1995. The warrants, which carry a six-month exercise period, were launched at Ecu 15. But warrants are notoriously volatile and hard to value. The Ecu market was strong yesterday and the price quickly rose to Ecu 17.50. Prices rose † point in the Swiss franc market where the Inter-American Development Bank is due to launch an issue today.

Japanese life companies

JAPANESE life insurance companies are being allowed, with effect from next October, to launch a new type of policy designed to allow holders to benefit more directly from the returns on funds invested in the financial markets.

off any further attempts by commercial banks to launch Eurobonds denominated in Belgian currency.

Following a private placement totalling BFr 300m by Banque Nationale de Paris (Luxembourg), launched ten days ago the Commercial banks to launch money supply policy and create new opportunities for smaller laxes. The BNP issue carried small BFr 200,000 denominations to attract such investors.

Though a flourishing to money supply policy and create new opportunities for smaller laxes. The BNP issue carried small BFr 200,000 denominations to attract such investors. The new policies, to be known as variable life policies, will offer a return based on the performance of the companies' premium funds. They will offer a high element of risk, comthe Finance Ministry has asked francs, which are for all practical purposes interchangeable bourg's Prime Minister and Finance Minister, for notification of the property of t pared to traditional life insur-ance instruments, though also high potential return.

Variable life insurance is one tion of any future attempts by feel a need to draw the line banks in the Grand Duchy to strongly on the Eurobond ques-

Belgium's opposition to an offif such a market had been shore market in its currency is allowed to develop, it could long-standing and its present have grown rapidly as there is action comes amid concern that potential borrowing de the BNP issue could be followed from Luxembourg banks

set for high-return policies which was set up last May to chart the industry's course through the problems brought about by growing foreign com-petition and against the back-ground of a rapidly ageing

Japanese population.

Two types of variable life insurance policy, endowment and whole life, will be introduced. Life insurance companies offering them will be required to guarantee death benefit payments. They will also have to separate the accounts of premiums received on variable insurance sales from other insurance premium accounts.
They will be allowed to invest of the insurance products recommended by the Life Insurance Council, an advisory body to the Finance Minister, the variable insurance premium income in high risk, high return

abroad By Alexander Nicoll MORE THAN one-third of the

Stanley to

sell third of

initial offer

MORE THAN one-third of the initial public share offering for Morgan Stanley, the Wall Street investment bank, is to be distributed and underwritten internationally in an operation led by Morgan Stanley International, its London arm. Of the 4.5m shares to be issued, representing about 20 per cent of the company and raising a total of about \$200m, 1.6m will be sold abroad. A group of 27 co-managers will underwrite about 80 per cent of the international tranche, with some 50 institutions underwriting the remainder.

The price is expected to be

set late this month or early in April. As an initial offering by a US company, the sale is unusual for the international equity market because it has no equity market because it has no indicated price. Some calculations in the prospectus assume a price of about \$46 a share.

Another consequence of the issue's being an initial offering is that commissions will be higher than on most Euro-equity sales. At an indicated total of between 4½ and 5½ per cent, they will be identical to those on the tranche to be sold in the US, where commissions on initial offerings are typically at or even above this level.

To help ensure international distribution, the US part of the sale will be confined to US houses. Foreign securities firms will participate in the inter-national tranche even if they have offices in New York.

Strong support for \$300m Algerian credit

By Our Euromarkets

IBJ INTERNATIONAL yester-day won as expected the man-date to raise a \$300m credit for state-owned Algerienne du Developpment. The deal, which is fully trausferable, carries an interest margin of } per cent over the London interbank offered rate for Eurodollars and has a tenyear life. Repayments will start after a grace period of five уеагь.

Japanese banks expressed strong support for an Algerian credit on these terms after European, US and Middle Eastern banks baulk d at underwriting a larger, \$500m

banks have indicated a readiness to participate in the new operation, but the credit will be offered to banks of other nationalities as well when it enters syndication in a few days'

Record trading on the CME

By Our Euromarkets Staff UNCERTAINTY ON the foreign exchange markets last week produced record trading on the Chicago Mercantile Exchange and in its currency futures and options contracts.

options contracts.

On Wednesday Mr Paul Volcker, chairman of the Federal Reserve Board, made remarks about the dollar to Congress which were interpreted in the markets as conflicting with testimony being given at the same time by Mr James Baker, the Treasury Secretary. Secretary.
The CME's futures and

The CME's futures and options contracts on the D-Mark and sterling all set records, with total currency futures volume at 161,780 contracts against the previous peak of 128,354, and currency options at 45,214. The exchange's total volume was 418,326 contracts against the former record of 387,514.

DOMESTIC BOND MARKETS

Frankfurt firm

Prices of public authority bonds closed sharply higher in Frank-furt after a nervous bourse session in which turnover was somewhat limited by operators' somewhat limited by operators reluctance to open large new positions at the higher levels.

The Bundesbank sold DM 108.1m worth of domestic paper after selling DM 89.2m on Friday The larget 61 per cent atter seising DM 89.2m on Friday. The latest 61 per cent federal government loan stock added 95 pfennigs to close at around 102.10, while its predecessor with the same coupon rose a full point to 102.15.

The Bundesbank announced the suit in right of the state of t the cut in yield on new five-year West German federal savings bonds to 5.98 per cent from 6.01 per cent. Agencies

Zurich steady

Swiss franc bonds closed steady in Zurich on high volume largely in response to lower interest rates. Buying interest focused on high-coupon fixed rate bonds of foreign bonds with most prices up as much The prices over the pest week were supplied by:
Kredletbenk NV; Credit Commercial de France; Credit
Lyonnels; Commerchenk AG; Deutsche Bank AG; Westdeutsche Landesbank Girbeatrals; Banque Gengtele du
Lusembourg SA; Banque Internationale Luxembourg;
Kredietbenk Luxembourg; Algemene Bank Nederland NV;
Pierson, Heldring and Pierson; Credit Sulsse/Swise
Credit Benk; Akroyd and Smithers; Bank of Tokyo Internesonel; Chemical Bank International; Chase Manhattan;
Citicorp International Bank: Credit Commercial de France as 4 point.

Average price changes..., On day 0 on week 0

Foreign convertibles and dual currency bonds were mixed to higher. Domestic bonds closed also higher. Domestic bonds with warrants traded narrowly mixed in line with the stock

Amsterdam bourse sticks by the floor specialist

it heads for its Big Bang restructuring later this year? Baron van Ittersum, chairman of the Amsterdam Stock Exchange, has his doubts. And members of the Amsterdam market are poised to pick up international clients who might not find the new London set-up to their liking.
"The model that London is

choosing is in effect the model that has been very successful in the Eurobond market, the professional market," says Baron van Ittersum. But whether that will prove to be the market that is more successful for investors in the future, I'm not so sure." future, I'm not so sure."

He points out that the Amsterdam market will remain firmly based upon a floor trading system, whereby all orders must pass through specialist market makers (the specialist is called a hockman.) "We feel that it is still the most

that it is still the most economically efficient market you can have, for the benefit of both investors and brokers." Baron van Ittersum says that the Dutch system, which is rather similar to the system of floor specialists within the New York Stock Exchange, ensures orders will be exposed to all other orders in the market.
"They really will be able to get the best deals, the small as well as the big ones."

Baron van Ittersum describes the new London market as a "dealers' market "where all the participants put their deals in and choose their own counterparties whatever price is being made. It is modelled on the US Nasdaq over-the-counter market, and is quite different from the and is quite unterest from the system used on the NYSE. He sees no problems for Lon-don, so long as the markets con-

ratter.

"The real test of a market organisation comes when the markets go down and become difficult. Here we feel that the case of the dealers' market has certainly not proved to be more orderly and more forthcoming the traditional sort of market we have here. I think all the evidence shows that in the end, the central market is more

Baron van Ittersum questions the LSE's trading system as it heads for its Big Bang restructuring.

Barry Riley reports

Year message: "It is essential that this market attunes closely to the existing central market, so that it can strengthen rather than weaken it, which latter currently threatens."

But while the Amsterdam exchange reinforces its defences for parts of its domestic market, for parts of its domestic market. It is planning to be a significant rival to London as a centre for European time zone trading of US and Japanese securities houses.

Last week the exchange amounced that three leading Japanese securities houses. Power the exchange amounced that three leading Japanese securities houses. Foreign member firms.

Foreign membership of the butch bourse is not new, but it has been Hmited in the past to a handful of foreign-owned banks. A major new influx is now expected.

orderly and mor forthcoming to investors than a dealers' mar-

But he admits that this approach is not wholeheartedly supported by some of the big-gest players on the Amsterdam market. A number of big banks and other institutions are seeking to set up an electronic block trading market, largely in response to a threat that local business in leading Dutch securities will transfer progressively to London where market makers are often willing to take larger

be necessary to create without Nicholas Goodison.

HAS THE London Stock tinue to go up. But a bear market system of securities trading as it heads for its Big Bang restricturing later this year?

now expected.

The two main aims of the Amsterdam exchange are to develop a market in Japanese stocks—quoted in yen—after the close in Tokyo, and to build on its existing local market in US stocks. This is long-estab-lished but is essentially an odd lot business for the benefit of

private investors.

The Dutch would like to develop an active market in Amsterdam in US stocks ahead of the New York opening. But positions.

Evasion of Dutch stamp duty is one reason why the business of Dutch institutions has been drifting to London, though greater liquidity is also an attraction, and one which the Amsterdam market accepts that it must counter.

Baron van Ittersum accepts that this cannot happen until the liquidity of the market is comparable to that in London. While the spotlight is on the dramatic changes taking place in London, Amsterdam is taking a lower profile route into the global market place. "London is contain." Amsterdam market accepts that it must counter.

Baron van Ittersum told members of the Amsterdam Stock exchange," Baron van Ittersum observes, "but I would not like Exchange recently that it would to be in the position of Sir

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Australia Com. 11 92 £ 40
El8 117 93 £ ... 50
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*No information evallable—previous day's price.

† Only one market maker supplied a price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount leased in in millions of currency unite except for Yen bonds where it is in billions. Change on week—Change over price a week earlier.

Ploating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.digs Date next coupon becomes effective. Spread—Margin above six-month offered rate (\$ three-month: \$ above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=first date for conversion into shares. Cov. price whominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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NEW ISSUE

bourg), launched ten days ago, the Finance Ministry has asked

launch Belgian franc issues.



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INTERNATIONAL COMPANIES and FINANCE

Banks press Singapore brokers

one broking firm, Lyall and Evert did not trade on the ex-change yesterday, and Lyall dealers were reported as saying it had been put under stock

A number of broking houses have begun to receive court orders demanding that they produce scrip for secured loans produce scrip for secured loans to banks, and banks are expected to begin calling in loans in early March, following the and some bankers expressed expiry of a three-month moratorium agreed in December 1. Secure 1. S

THE FAILURE of several to allow time for a plan to be broking houses in Singapore appeared closer yesterday as banks began moving to protect their loans to the industry, contributing to a further loss of confidence in the trading system.

One broking firm Lyall and to allow time for a plan to be at hand. One banker said that the banks had already lost money as a result of their coperation with the MAS.

A revision last week of terms for a \$\$180m (US\$84.4m) lifeties. The stock market was for a \$\$180m (US\$84.4m) lifeties. The stock market was for a \$\$180m (US\$84.4m) lifeties. The stock market was for a \$\$180m (US\$84.4m) lifeties. The stock market was for a \$\$180m (US\$84.4m) lifeties. prevent an imminent default on forward share purchase con-tracts by Pan-Electric touching

off a chain of collapses in the industry.

The Monetary Authority of Singapore (MAS) met bankers over the weekend in an effort to calm fears and encourage bankers to continue lending money to the brokers. The MAS,

ing system has clarified terms under which firms may dip into the fund, increasing the likelihood that money will be drawn down shortly. However, under the new agreement, firms may not draw on the fund for deals involving trades of suspended

This means almost certain bankruptcy for brokers heavily involved in Pan Electric-related expiry of a three-month enger yesterday at being asked shares contracts. Pan-Electric moratorium agreed in Decemone again to support the has gone into provisional liquitor.

The moratorium was supposed months, no solution was readily thought to be all but worthless.

A second tier of broking firms is at risk from the knock-on effects of brokerage failures and the general decline of confi-dence. These firms will suffer from defaults on contracts in other shares, and from the decline in share prices, which has reduced liquidity and made it impossible for some clients to meet their obligations to brokers.

A broker said yesterday that the most recent panic in the industry was precipitated in part by the entry of Singapore's four largest banks into the broking industry, a move that will draw considerable business from the other 25 brokers. The broking arm of Development Bank of Singapore began

Indian control for Metal **Box unit**

owns a group of companies called Macaeill and Hagor jointly with an old British tea estate family, has taken control of the lossmaking indian offshoot of Britain's Metal Box.

This is the latest of a series This is the latest of a series of share purchases and takeovers by Indian business houses of troubled Calcuttabased British companies. Others have included Dunlop India, and Gramophone company of India, which is an offshoot of Thorn EML.

An equity-linked venture issue is planned in which Macneill and Magor wil take up the allocation of Metal Box UK, funded by the Rs 40m (\$3.25m) working capital it has injected. This will give Macneill and Magor a 10 per cent stake, reducing the Metal Box UK stake from 40 per cent to 30 per cent while Indian finance institutions and the public will continue to hold 30 per cent each.

The Indian businessman is Mr B. Bl. Khaitan, who joined the long-established William son Magor tea company as managing director in 1964, having run his own fertiliser and plywood companies.

In 1974 he formed Macneill and Magor with Mr Richard Magor, whose Assam tea interests are partly held by George Williamson & Co and Majuli Tea of London. Macneill and Magor is the biggest tea exporter in India, selling 42,900 tonnes a year abroad and employing 55,000

It has diversified into engineering, including a 35 per cent holding in Standard Batteries, in which Hawker Siddeley's Oldham Batteries Siddeley's Outnam Datteries of the UK has 15 per cent, and Macmally Bharat Engineering, which has a mining equipment technical collaboration with Babcock International of the UK.

It has also recently bought India Foil of Calcutta, a producer of aluminium foils, from Alcan of Canada, using a route favoured in some of the recent take overs.

In an offshore deal which is not subject to the Indian Government's strict controls on the arrangements and pricing of share transfers, George Williamson in London bought control of India Folls UK from the British arm of Alcan of Canada, which had Indian company

Metal Box India has ha managerial, product and finan-cial problems for some years, loss - making diversification into bearings three years ago and by an over-reliance on production of traditional metal cans, Some of its major loss makers have since been

With a turnover Rs 1.6bn a year, it incurred loss(\) of Rs 50m in an 18-month period in 1984-85, down from a Rs 90m deficit the previous year.

When a conveyor belt carries tons of

ore, the jagged rock can cause a little rip which may

Guard, an electronic system that shuts down the belt

become a big tear. They say you can't prevent that. But Goodyear said, "Think quick," and created Sensor

if it starts to rip. So minor problems can't turn into

major disasters.

They say you can still train pilots in a flight trainer that teaches only instrument flying. But Goodyear said, "Obsolete," and helped create a new flight simulator that gives pilots the sights as well as the feel and sound of flying. And with computerized projectors that react to a pilot's every move, the sky is the limit.

They say you have to change marketing strategy at every foreign border. But Goodyear said. "Now hear this!" And reorganized to market and advertise on a global basis and communicate in the universal language of quality and performance.



Sometimes, it just doesn't pay to listen to what "they" say.

© 1986 The Goodyear Tire & Rubber Company

Malaysia opens doors to foreign houses

THE MAYALSIAN Government has aproved proposals to allow banks and foreign stockbrokers to take equity stakes in Mr Daim Zainuddin, the Malaysian stockbroking companies.

The proposals were submitted by a committee comprising representatives from the Treasury, banks and Kuala Lumpur Stock Exchange (KISE). The committee was above 30m ringgit; large a worldwide trend to allow cortains industry and their tions; and foreign brokers of high international standing.

The maximum size of holding local securities industry in these groups are allowed to take up is still unclear, but it is fessionalism and international understood that foreign brokers of equity base, proceeding the international tions; and foreign brokers of high international standing.

The maximum size of holding local securities industry in these groups are allowed to take up is still unclear, but it is fessionalism and international understood that foreign brokers of entry would strengthen the local up is still unclear, but it is fessionalism and international contacts.

The KLSE welcomed the move and said 42 of the 50 exchange members had agreed to supproved by Bank Negara, banks with shareholders' funds approved by Bank Negara, banks with shareholders' funds approved by Bank Negara, banks with shareholders' funds approved to take up is still unclear, but it is fessionalism and international contacts.

The RLSE welcomed the move and said 42 of the 50 exchange with shareholders' funds approved by Bank Negara, banks with shareholders' funds approved by Bank Negara, banks with shareholders' funds approved to take up is still unclear, but it is fessionalism and international contacts.

The RLSE welcomed the move and said 42 of the 50 exchange approved by Bank Negara, banks with shareholders' funds approved by Bank Negara, banks with sh

Treasury, banks and Kuala ringgit (\$40.8m); Merchant approved by Bank Negara, seek outside partners. At least Mr Daim said there was now nine of the 42 had already (KLSE). The committee was above 30m ringgit; large formed last April to advise the domestic investment institu-

Sing Tao share offer to raise HK\$102m

SING TAO, the Hong Kong-based publishing, printing and property group, yesterday mounted a public offering of 25 per cent of its shares as it sought a Hong Kong listing just cight mounts, after transferring to be used to fund Sing Tao's financial adviser on ling shareholder in Cereus, said yesterday that the Kowloon hotel development provided the main reason for seeking a fresh public listing in Hong Kong.

She forecast profits before

The offer remains open until is payable to Cereus, Sing Tao's Friday. It comprises 48m new Australian holding company, shares and 12m existing shares, which will use the funds to priced at HK\$1.80 a share, and redeem a portion of its out-HK\$102m (US\$13m). The offer shares.

Svenska Handelsbanken Group

Bank of Tokyo International Limited

Banque Bruxelles Lambert SA

Daiwa Europe Limited

PKbanken

IBJ International Limited

Commerzbank Aktiengesellschaft

Merrili Lynch Capital Markets

Mitsui Trust Bank (Europe) S.A.

Samuel Montagu & Co. Limited

New Issue

25 per cent of its shares as 1. Casa ... Sought a Hong Kong listing just to be used to fund Sing 1200 eight months after transferring interest in a prime property its corporate domicile to Australia. Kowloon Most of the remainder is payable to Cereus, Sing Tao's Australian holding company, redeem a portion of its out-standing redeemable preference

This announcement appears as a matter of record only

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U.S. Dollars 100,000,000

83 per cent. Guaranteed Notes due 1991

Guaranteed by the Kingdom of Sweden

February 1986

She forecast profits before extraordinary items of HK\$44m for the year to March, equivalent to earnings per share of 22.7 cents.

 Sime Darby Hong Kong, the car and commercial vehicles distributor which is a subsidiary shares.

of Sime Darby of Malaysia,
Miss Sally Aw Sian, chairyesterday announced unaudited

Goldman Sachs International Corp.

· Bankers Trust International Limited

Banque Paribas Capital Markets Limited

profits after tax of HK\$47.5m (US\$6m) for the six months to December. This compares with profits of HK\$25.3m for the same period in 1984.

Turnover for the six-month period was HK\$573m, up 24 per cent. The company has declared an interim dividend of 4 cents Sime Darby Hong Kong nounted a disastrous public hetauom offer of 25 per cent of its shares in December last year, with applications received for a mere 37 per cent of the HK\$193m

TNT boosts profits 52% at six months

port group, boosted net earnings 52 per cent to A\$55.5m (US\$39m) in the half-year to December and plans a 2 cent turrent year o 14 cents a share.
The company, formerly
Thomas Nationwide Transport,
has been awarded the contract to distribute Mr Rupert Mur-doch's newspapers in Britain. It said in Sydney yesterday that —even ahead of this—UK

The earnings were struck before extraordinary loss-s of A\$16.6m, mainly in foreign exchange provisions. A charge of A\$15.8m was taken in the 1984 first half.

By Our Financial Staff TNT, Australia's largest trans-

express freight operations had "made excellent progress" and contributed substantially to

Yen appreciation hits earnings at Komatsu

BY YOKO SHIBATA IN TOKYO

THE SHARP appreciation of the yen towards the end of last year eroded 1985 earnings Komatsu, the Japanese company which is second to Caterpillar

Deutsche Bank Capital Markets Limited 5 per cent rise in dollar-based export prices for its products Manufacturers Hanover Limited This comes on top of increases averaging 7 per cent which took effect last November.

The move followed the sularge pre-Mitsubishi Finance International Limited

Credit Lyonnais

Morgan Stanley International The National Bank of Kuwait S.A.K. Shearson Lehman Brothers International Union Bank of Switzerland (Securities) Limited Westdeutsche Landesbank Girozentrale f the Net profits were 3.8 per cent year lower at Y22.81bn. The divi-of dend is being maintained at Y8

per share. The yen's steep appreciation which is second to Caterpillar in the world construction machinery market.

Komatsu said yesterday it foreign exchange loss of Y3.50n, would introduce an immediate against the previous year's per cent rise in dollar-based Y700m exchange deficit, was another factor in the reduced

averaging 7 per cent which took effect last November.

The move followed the announcement of a 5 per cent dip in parent company pre-lax profits to Y42.02bn (\$229.7m) for the year, despite a 4.2 per cent rise in sales to Y599.59bn.

For the current year, sales are projected at Y650bn, up 8.4 per cent. Of these, sales of large presses are expected to increase up 2.5 times to Y500n. Pre-tax profits are forecast at y38bn, down 9.6 per cent, with net profits at Y19bn, down 16.7 per cent. For the current year, sales

Advance at Asahi Glass

BY OUR TOKYO STAFF

ASAHI GLASS, Japan's largest maker of glass and ceramics, increased parent company pretax profits by 7.3 per cent last year to Y57.04bn (\$311.9m).

Net profits were 6.3 per cent higher at Y28.59bn. on sales of Y676.81bn. up 12.7 per cent. Sales of its mainstay glass and construction materials rose 14.3 per cent to Y364.56bn. Another strong sector was chemicals, up strong sector was chemicals, up

ASAHI GLASS, Japan's largest maker of glass and ceramics, increased parent company pretax profits by 7.3 per cent last year to Y57.04bn (\$311.9m).

Net profits were 6.3 per cent higher at Y28.59bn. on sales of Y67.04bn (\$31.50bn. was partially offset by sales of securities.

For the current year, pre-tax profits are forecast at Y60bn. up 5 per cent, on sales of Y750bn, ahead by 11 per cent. Depreciation charges are expected to rise a further Y6bn, however.

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First-half setback at ERA

BY KENNETH MARSTON, MINING EDITOR

half-year net profits of cash offer of 40 cents per share A\$25.52m (US\$17.7m or from Paragon Resources, £12.4m), equivalent to 6.2 cents • Elders Resources, 20 per cent-

the Ranger mine in the North- partly paid.

ENERGY RESOURCES of ern Territory.

Australia (ERA), the uranium Australia's Central Kalgoorlie producer, has reported reduced half-year net profits of cash offer of 40 cents per share per share, compared with a S30.23m a year ago. The interim dividend is maintained at 5 cents.

Peko-Wallsend and EZ Industries each has a stake of 30.5 per-cent in ERA which operates paid shares and A\$1.20 for the latter and the Report mine in the North.

Berisford falls 34% to £53m

BY ANDREW GOWERS

S & W Berisford, the commodity trading and processing group, yesterday reported a 34 per cent drop in 1984-85 pre-tax profits.

profits.

The group blamed the depressed state of the commodity markets and a cost-price squeeze in its sugar-processing subsidiary, British Sugar.

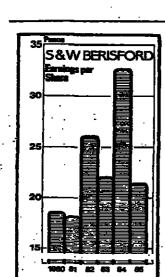
Profits fell to \$52.95m on turnover of \$7.295m in the year to September compared with \$90.25m on turnover of \$5.75m previously. This was at the lower end of market expectations.

However, the group held its dividend of 10.5p, saying it was covered twice before deductions of extraordinary items. The final is 7p. is 7p. Below the line the figures were

dented by two extraordinary items: provisions of £10m to cover potential losses as a result of the international tin crisis and of £19m to cover extra costs involved in the disposal of Erlanger Tubular Works in the

Uncertainties surrounding the tin crisis, in which Berisford's metal trading subsidiary, J. H. Rayner (Mincing Lane), is im-plicated, caused the company to postpone its results announce-

ment until yesterday. Mr Ephraim Margulies, Berisford's chairman and managing director, said that the company's loss as a result of this could be as small as £7m. This represents its contribution to the proposed rescue for the tin market, the latest version of which was agreed in draft at the weekend. If that does not succeed, Berisford's loss would be much greater since Mr Margules said it has outstanding contracts with the



Mr. Ephraim Margulies, the chairman of S & W Berisford

7,600 tonnes of metal.

However, Berisford's share price took comfort yesterday from the £7m figure, which was lower than some reports circulating in the market had suggested, as well as from the fact that the dividend was maintained. The price closed up 12p reports

at 168p.

The group's commodity merchanting and international trading division, which is suffering from diminished trading volumes and oversupplied markets in many of the products it handles, bore the brunt of the drop in profits lest were ing from diminished trading year.

volumes and oversupplied At the beet-processing commarkets in many of the products pany, British Sugar, which it handles, bore the brunt of Berisford acquired in 1982, the drop in profits last year.

Profits fell to just £17.99m in 1984-85 from £45.35m the previous year. Mr Margulies said the down-Mr Margulies said the down-turn was particularly pronounced in metals and in sugar, but he emphasised that this followed a good year for commodity trading —especially for deals involving countertrade—in 1983-84. He also said that trading had bounced back in some com-modities, notably coffee, in the first few months of the current year.

dropping to £62.37m in 1984-85 from a previous £70.5m. Berisford blamed higher fuel

Berisford blamed higher fuel costs resulting from sterling's weakness against the dollar, to gether with the 1984 EEC farm price settlement, which left sugar prices unchanged.

British Sugar's animal feed division also suffered from the imposition of milk production quotas in that year, which sharply reduced demand for feed among dairy farmers.

Mr Margulies said, however, that reduced profitability as a result of these factors was offset to a limited extent by productivity gains, and that British Sugar is expected to maintain its performance in the current year, despite a fierce price war in the packet sugar market.

On the property and financial services side, Berisford showed improved profits of £19.18m compared with the previous year's

d with the previous year's

pared with the previous year's £7.71m.

Mr Margulies said the group wanted to realise some of its property investments—either by selling its key stake in the Billingegate office development now or by refinancing it and selling it later.

However, he indicated there were no immediate plans to sell Berisford's 14.6 per cent interest in Ranks Hovis McDougall, which it acquired along with British Sugar. This holding was revalued at 151p in the 1984.85 accounts and the net surplus of £25m accruing as a result was credited to the group reserves.

Mr Margulies also confirmed that he had been approached by a number of companies interested in acquiring parts of the company.

is undeniable." He added that many Newman Tonks share-holders clearly do not agree with their directors, as McKechnie has been buying in the market with little difficulty and yesterday raised its stake to 14.9 per cent.

IN BRIEF

ALEXANDER RUSSELL'S share

price rose 16p yesterday to close at 130p, on news that RMC, the

covener, from Scottish Heritable

stake because "It was

SAMUEL PROPERTIES has purchased a portfolio of five freehold commercial investment properties for £10.15m. The list

comprised office buildings in Yarmouth Place, Piccadilly, W; Wallington, Surrey; the House of Fraser department store in Camberley, Surrey; a large modern warehouse at Gatwick;

two units on the Marsh Barton Estate, Exeter.

PERCY ESLTON, the property group, is seeking to raise \$4.84m by placing 1.97m ne wordinary shares at 238p with clients of Rowe and Pitman. The money will enable Bitton to redeem mortgages on parts of 11 industrial estates. Shareholders will be asked to approve the move on March 12.

PERICOM, manufacturer of com-puters, peripherals and termi-nals, has purchased the minority shareholding in Pericom Inc, at a cost of \$196,000 cash, Mr Ron

Cragg, the chairman, told the annual meeting. He said manage-

annual meeting. He said management accounts for the first four months of the current year showed a most encouraging trend. Both the company monthly production and order book were currently running at an all-time high. The directors resterated their confidence in the

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current year.

Bowater sells joinery side for £8.5m

Bowater Industries, the UK paper group, has sold a controlling stake in its joinery division for a total price of £8.5m.

The purchaser is Sarek Wood, a recently-formed consortium of major sawmills in Sweden, will pay £1.1m for a 75 per cent holding in Bowater Joinery, part of the building products division, and will repay £7.4m worth of loans. It will also get 100 per cent of the Hallnas SAG sawmill, and will acquire the balance of and will acquire the balance of the joinery equity in two year's

Bowater has built up close links with the Hallnas sawmill. but it said yesterday that it was no longer central to the activi-ties on which it is focussing its own future development.

The building products division now consists principally of manu now consists principally of manufacturing and retailing interests for PVC-framed replacement windows. It intends to concentrate on the development of these as an integrated European business, and will redeploy the funds released by the joinery disposal

MURRAY International Trust net asset value increased increased 152.8p to 178.6p for the year ended December 31 1985. The final dividend is 3p (3.1p) but the total is lifted from 3.8p to 45p. Revenue amounted to £9.1m (£5.92m), subject to tax of £3.44m (£2.85m). Earnings per share are given as 4.78p (3.44p), and 4.69p (3.37p) assuming full conversion of B ordinary.

STANI SSS Metaleraft has bought the pipework and fabrications division of the Supafio Group for £110,000. This is roughly the value of the assets involved and includes the benefit of about £100,000 of work in progress. The business has a turnover of £2m a year and has been operat-

McKechnie under double attack

earnest in 1978 with Econa, and has since then taken in the US company Monarch in 1982, Jeavons Enginering in 1983 and most recently the hotly contested R. Cartwright Holdings.

Newman Tonks is currently in talyks with a German company which would give it both a manufacturing base and a distribution.

quotes the McKechnie directors our selling depends far more on in October 1885 as saying: "The personalised service," said Mr penetration of new markets overseas, either by direct export or Since 1981, says Newman, its in October 1985 as saying: "The penetration of new markets over-seas, either by direct export or through equity investment in overseas based companies...

McKechnie Brothers — aiming a hostile £60m bid at Newman Tonks and itself the subject of a £140m bid from Williams Eddings—yesterday came under attack from both companies.

Newman Tonk's defence document stressed that the McKechnie document stressed that the McKechnie document stressed that the McKechnie differ was prompted by defensive McKechnie had also turned down motives, had little industrial logic amd was anyway far too low.

Mr Edward Barnes, Newman Tonk's chief executive, said the company is in the middle of a long term strategy of growth by acquisition which began in the recent acquisitions. These vons Enginering in 1982 and most recently the hotly contested R.

Has also said this showed that share have risen by 269 per cent compared with a McKechnie as nampared with a McKechnie increase of 29 per cent.

Mr Barnes said this showed that a major UK acquisition such as Newman — which would form increase of 29 per cent.

Meanwhile, Mr Brian McGowan, Williams' managing director, attacked the assertion in the McKechnie's earnings were of a Newman subsidiary Rothley McKechnie's earnings were of a Newman subsidiary Rothley bigger quality than those of Williams. "We now make about the rapid growth in profits in aerospace which is widely acknowledged to be at the start of a five year boom," he said. However Dr Jim Butler, McCechnie chairman, also hit back at Newman Tonks defence saying that "the industrial logic is undeniable." He added that many Newman Tonks share-holders clearly do not agree with

1983. He also said that while Newman Tonks concentrates in fairly high-tech engineering products with strong brand identity in trade business, McKechnie remains 60 per cent metals and its plastics is largely sub-contract work. "We don't think that which would give it both a manu-facturing base and a distribu-tion network in Europe.

Underlining the extent to
which the McKechnie bid has
been prompted by Williams, in the ordinary retail outlets. All

through equity investment in profits before tax have risen by overseas based companies . . . 351 per cent compared with will form the springboard for McKechnie's increase of 83 per

DIVIDENDS ANNOUNCED

		Date	Corre-	Total	Total
	Current	of s	ponding	z for	last
	payment	payment	div.	year	year
S & W Beristord	. Ť	Aprii 23	7	10.5	10.5
A. McAlpine	. 8.7	April 3	7,5	12.5	11
Murray Intl Tst		_	3.1	4.5	3.8
Vickers		May 1	6	13	16
Dividends shown in sen	ce ner sh	are excent	where	otherwi	se stated

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.



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Morgan Grenfell share-buy details By Martin Dickson

tillers against a rival bid from Argyli Group.

The statements follow complaints from Argyli and Hanson last week that the purchases might have contravened Stock Exchange regulations which state that quoted companies, such as UB and Guinness, must obtain shareholders' approval

obtain snareholders approval
before making an investment
giving rise to a capital commitment greater than 25 per cent of
capital and reserves.

Hanson and Argyll argued that Hanson and Argyll argued that if indemnities covering potential losses on the share purchases existed between Morgan and its clients, then UB and Guinness

could be in breach of the 25 per eent rule.

Morgan said yesterday that it had bought 22.8m Distillers shares (6.3 per cent). However, only 8.8m of these—purchased at a cost of 555.4m—were subject to an agreement with FGulnness. cent rule. This specified that in certain circumstances Morgan Grenfell might require Guinness to purchase the shares at the price

purchase the snares at the price it paid.

It added that this agreement was limited to shares worth £66m—approximately 25 per cent of Guinness's net tangible assets. The Arzyll camp has accepted this and is not pressing the matter further.

However Hanson pedanled its

matter further.

However, Hanson redoubled its attack after another statement saying merely that, "as is customary," Morgan had an indemnity agreement with United Biscuits for any loss suffered on the Imperial shares.

Hanson pointed out that these shares were bought for £360m—just £50 less than UB's last stated net worth—which it said was well in excess of the 25 per cent level.

The Stock Exchange Quotations Committee has yet to pass

tions Committee has yet to pass judgment on the issue, but the indications last night were that it was likely to allow the UB arrangement to stand but also to re-examine its rules on indemnities in the light of the

Exco seeks answers

Mergan Grenfell, the merchant

bank which is in merger take with Exce International, yesterday began providing confidential information about its own operations to Exce as a prelude to negotiations on the terms of the deal. terms of the deal.

Morgan, in common with the other British merchant banks, normally provides only limited information on its trading performance in its published accounts on the grounds that secrecy is necessary to preserve confidence.

It faces the problem in a deal of this kind that Evro and its 4.3 per cent to 9.66 per cent.
RMC acquired a 5.36 per cent stake in Russell, building suppliers distributor and coal re-tailer, from Scottish Heritable Trust, which only bought the holding last December. RMC said it had acquired the "invest-

of this kind that Exco and its shareholders want to know the true position of their potential partner.

Yet Morgan is reluctant to

Yet Morgan is reluctant to give too much information which would be useful to competitors if the deal were to fall through. Tan Sri Khoo Teck Puat, the Malaysian businessman who owns 27 per cent of Exco, met Morgan yesterday and said: "There are certain figures to be furnished. We cannot take a decision on the terms of the bid until we have seen them."

Mr Nicholas Jones, a director

Mr Nicholas Jones, a director of Schroder Wags, which is advising Tan Sr Khoo, said "I cannot see a very quick resolution of this merger. The merger is expected to take the form of an agreed bid from Exco for Morgan, which is un-quoted. Morgan expects, how-ever, to take a dominant role in

BOND CORPORATION, the Australian brewery, media and resources group, has cut its shareholding in Airship Industries from 62 per cent to 49 per cent by selling 22m of its shares at 25p a share. Bond said that an opportunity had arisen to broaden the institutional holding in Airship. At one time, Bond held 82 per cent. Bond neid 82 per cent.

MELLERWARE International has acquired 66 per cent of N. C. Joseph for £385,000. Of the consideration £200,000 was satisfied in cash while the balance is to be satisfied by the issue of 100,000 ordinary shares to Lapwing Investments, one of the vendors. Joseph is engaged in the manufacture of domestic kitchen equipment and appliances. Pre-tax loss was £64,000 for 1984. the management of the combined

Vickers hits £45m as upturn gathers pace

gathered pace during the second six months and with all but one of its key business activities Morgan Grenfell, the merchant bank, ran duto fresh controversy yesterday when, in compliance with a Stock Exchange request, it spelt out details of its share buying arrangements with two clients—Guinness and United Biscuits—which are making major takeover bids.

UB is making an agreed £2.4bn bid for Imperial Group in the face of a rival offer from Hanson Trust, while Guinness is making an agreed £2.3bn bid for Distillers against a rival bid from

tion to expand and prospects for its products (engineering, motor cars, printing machinery and cars, printing machinery and office equipment) are good. He adds that the directors are determined to seek out opportunities to improve the group's strength in international markets in terms of both product, and profitability and to continue to improve its performance. Group turnover for 1985 of continuing activities improved to £602.3m (£503.6m).

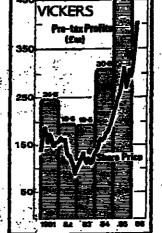
Rolls-Royce Motors was the biggest earner. Here, profits improved from £14.im to £17.2m. Lithographic plates and supplies (Howsan-Algraphy) chipped in £1.3m more at £11.5m and husiness equipment pushed shead from £2.7m to £6.2m.

Marine engineering, however,

from £2.7m to £6.2m.

Marine engineering, however, slipped from £6m to £4.5m. Here, substantial costs relating to development and pre-production of new products were written off during the year.

Defence and aerospace showed an improvement of £0.2m at £6.2m, medical and scientific



enced by £0.8m to £4m and activities swung from of £0.5m to profits of

Unallocated operating costs accounted for £1.9m (£1.1m) and net interest charges less investment income for £6.7m (£8.4m). Overall, profits of the continuing activities rose by 35.1 per cent to £43.5m. Taking in discontinued activities profits rose from £33m to £43.6m.

against £26.4m. Earnings per £1 share rose by 7.7p to 36.3p.
There were extraordinary credits this time of £5.5m, compared with charges of £10.2m in 1884. Stockholders' profits emerged at £42.2m (£16.4m).

Sir Richard says in all businesses the group's commitment to investment, innovation and improvement of all its products continues and comes before the desire for short-term gain.

He adds that directors are convinced that the expenditures incurred will bring profitable growth in the future.

As a consequence of largely fuffilling the divestment programme relating to surplus property and those businesses which did not form part of the group's key activities gearing was substantially reduced despite currency translation losses and writing off goodwill on the acquisition of new subsidiary companies.

Group pre-tax profits for the

sequisition of new sausarary companies.
Group pre-tax profits for the opening six months (to June 30 1985) rose from £13.8m to £18.7m. Sir Richard said at the time that progress had been made across all activities and overall margins had been maintained.
City analysts had been looking for full year figures of up to £44m. The recession of the early 1980s saw profits fall to £19.5m. The group's claim for fair compensation in respect of its former shipbuilding business and aircraft interests, nationalised in 1977, was heard during June by the European Court of Human. the European Court of Ruman Rights in Strasbourg. The direc-tors are still awaiting the Court's judgment.

Menvier Swain for USM

BY RICHARD TOMKINS

MENVIER-SWAIN, a Banbury- heat and smoke detectors, and MENVIER-SWAIN, a manuary based maker of emergency lights alarm sounders.

A subsidiary makes miniaturised securities market through a placing next month.

A subsidiary makes miniaturised electronic circuits for through a placing next month.

The group claims to have about 25 per cent of the UK market for emergency lights used in hotels, factories and public buildings. Its products include conversion kits to allow standard fluorescent lights to

technique known as thick film technology. Most of these custo-mers are electronic instrument manufacturers. Group turnover is said to have risen from £2.6m in the year to April 1981 to £9.5m in 1985. The directors say they believe there

work after a power cut and emergency lighting systems powered from a central battery.

More recently Menvier-Swain has diversified into fire alarms merchant bank, and brokers to control units and accessories including break-glass call points, Drew.

directors say they believe there are excellent prospects for sustained growth.

The placing will be sponsored by J. Heary Schroder Wagg, the merchant bank, and brokers to the issue will be Phillips and cluding break-glass call points,

The directors say the result represents a strengthening of volume and margins following the actions reported at the year-end and at the time of the annual

On those ocasions, the group said it was changing from its main orientation in the leisure market, to a broader spread of customers such as clearing banks and stores through the acquisi-tion of ICC Machines.

The board set itself demanding medium-term growth targets which would be achieved organically and through acquisitions.

During the opening half there was a healthy demand from the group's traditional coin validations.

couraged by the interest shown in the new electronic products introduced at exhibitions in Lon don and Frankfurt last month. A satisfactory outcome for the rest of the year is anticipated. Group turnover was up from 55.78m to £6.88m in the first half. There was a higher tax charge of £176,000 (£113,000), and after minorities this time of £12,000,

attributable profits emerged up from £135,000 to £253,000.

Although there was some improvement in trading conditions at Stocklake Holdings during the first six months, the results, aibeit improved, have been adversely affected by the strengthening of sterling against the currencies of the overseas countries in which the group

Pre-tax profits of this exporter, importer and distributor, steel stockholder and financier, rose from £1.56m to £1.87m, but turnover for the six months to September 30 1985 was down from £11.85m to £11.68m.

Stocklake held back in first half The interim dividend is unchanged at 3p net—last year's total was 12p from pre-tax profits of £3.82m (£3.85m). Stated first half earnings per 25p share improved from 16.9p to 22.6p after tax up from £845,000 to £919,000.

HOGGETT BOWERS, the execu

forecast a 20 per cent rise in fe income and pre-tax profits for the first quarter of 1985-88. Mr John Featherstone, the chair-man, said half-year profits to February 28 1986 would be better than last year.

Shop design companies set for merger

HAVELOCK EUROPA, the USM-quoted store designer and shop-fitter, is poised to make an all-share offer for Store Design, a private shopfitting company. In the year to April 30 1985 inck made pre-tax profits of £828,000 on a turnover of £8.58m. Store Design is of similar size. Havelock's sheres were sus-pended yesterday and a further announcement is expected soon.

MURRAY INCOME Trust's net More recently Menvier-Swain has diversified into fire alarms control units and accessories including break-glass call points,

Coin lifts profit 78%

PRE-TEX profits up by nearly 78 per cent from £248,000 to £441,000, are reported by Coin Industries for th six months to December \$1 1985.

The placing will be sponsored by J. Heary Schroder Wagg, the saset value rose from 129p to 155.8p per share in the year ended December \$1 385, Net revenue for the half year to December \$1 385, 269m after two £288,000 (£1.12m). Earnings for the period emerged at 2.5p (2.64p). For the full year (to June 1988) (522p) — substantially higher revenue is anticipated in second half. An interim dividend of 1.8p (1.7p) has already been anounced along with a forecast total of not less them \$40.650. total of not less than 5.4p (5p).

> NOTICE OF REDEMPTION Chemical New York N.V. U.S. \$150,000,000 Guaranteed Floating Rate Subordinated Notes Due 1994

Notice is hereby given that Chemical New York N.V. has elected to redeem in full all its outstanding Guaranteed Floating Rate Subordinated Notes Due 1994 (the "Notes") on the interest payment date falling on March 27, 1986 (the "Redemption Date"), at the redemption price of 160% of their principal amount (the "Redemption Price") and that the conditions precedent to such redemption have occurred.

Payment of the Redemption Price will be made on and after the Redemption he made on and after the Redemption Date upon presentation and surrender of a Note, together with all interest coupons appertaining thereto maturing after the Redemption Date, at the principal Corporate Trust Office of Chemical Bank at 55 Water Street, Borough of Manhattan, The City of New York or at the main office of (i) Chemical Bank in London, (ii) Chemical Bank in Paris, (iiii) Chemical Bank in Zurich, (v) Chemical Bank in Zurich, (v) Chemical Bank in Zurich, (v) Chemical Bank in London, (ii) Chemical Bank in Evasels, (iv) Chemical Bank in Zurich, (v) Chemical Bank in Luxembourg, on and after the Redemption Date interest on the Notes will cease to accrue.

Chemical New York N.V.

By: Bankers Trust Company
as Trustee February 25, 1986

This announcement appears as a matter of record only. It is not an invitation to purchase or tender for these shares which were originally placed in the United Kingdom in September 1983 and June 1985.

Angell Care Incorporated (incorporated in the State of Delaware, U.S.A.)

Repurchase of U.S.\$6,950,000 in Unregistered Common Stock

The undersigned negotiated and arranged this transaction in conjunction with the sale of 59 nursing homes owned by Angell Care Inc. to Beverly Enterprises Inc.

Granville & Co. Limited

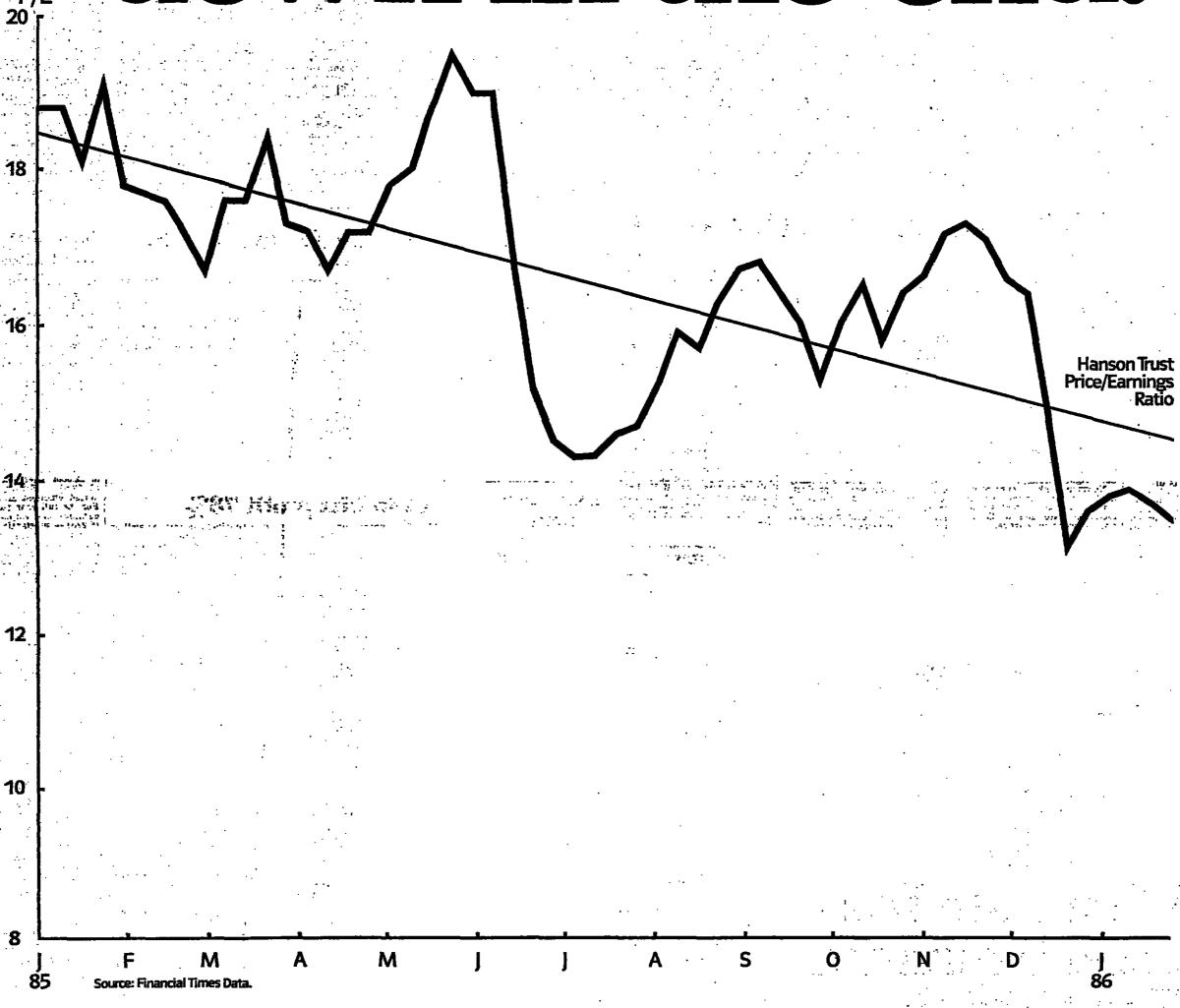
Over-the-Counter Market

Mathercourt Securities Limited

45, Bloomsbury Square London WC1A 2RA

25th February 1986

We always thought Hanson would climb down in the end.



The reason for Hanson Trust's ever-growing appetite is clear. Over the last twelve months, its price/earnings ratio has come down with a bump.

Yet Hanson's current share price still reflects a p/e ratio higher than that justified by the industries in which it operates.

Therefore, only if Hanson's growth rate can be maintained is it likely that the erosion of its premium rating can be arrested.

In the absence of adequate organic growth, growth through acquisition is the only answer. Again.

But is the City beginning to have its doubts?

As the Guardian put it: "Rightly or wrongly, Hanson Trust is perceived by the financial markets as a bicycle that has to be pedalled hard to stop wobbling." (8.1.86).

Certainly, Hanson's share price is no evidence of market confidence: since January 1985, Hanson shares have underperformed the FT All-Share Index by 21% (2nd January 1985 – 21st February 1986).

Has Hanson's price/earnings ratio simply climbed down? Or could it be over the hill?



The sources for the information contained in this advertisement are company accounts and the Stock Exchange Daily Official List as well as the letters from the Chairman, Imperial Group pic to shareholders dated 16th January and 13th February 1966. The directors of Imperial Group pic to shareholders dated 16th January and 13th February 1966. The directors of Imperial Group pic to shareholders dated 16th January and 13th February 1966. The directors accepted responsibility accordingly.

McAlpine recovers in second half

THE SECOND half saw a recovery by Alfred McAlpine, the building, civil engineering and minerals group, and full year pre-tax profits came to £23.05m.

This was only £403,000 ahead of the comparable figure last time, but at halfway profits had failen by £570,000 to £6.8m. Yesterday Mr Bobbie McAlpine, the chairman, said that there was a "real improvement in trading during the year."

The figures were affected by the collapse of the rand, which reduced the contribution from South Africa by almost £1.75m; and profits last time included £2.2m of capital profits, against £1.5m for the year under review, and of October 31, 1085. ended October 31 1985.

The shares jumped 16p after he announcement to close at

352p.
The final dividend is to be raised from 7.5p to 8.7p for a total of 12.5p. It is covered 3.1 times by net earnings per share of 38.9p, down from 45.4p. Mr McAlpine also announced yesterday that the group had yesterday that the group had been disappointed in two international contracts together worth around £35m. One, in the United Arab Emirates for £10m has been won, but commencement has been delayed for at least a year.

In the other, worth around \$25m in Botswana, it has been substantially undercut by an nnamed foreign competitor. Such are the problems of inter-

Rock chairman

sells stake and

leaves board

By Lionel Barber

the main board.

pre-tax profits of £95,000.

Bletchlerd, the company which



McAlpine, the chairman

until the effects of the recent sharp fall in oil prices are known," said the chairman.

He also announced that the company has been forced to return to the Kuwaiti courts in an attempt to win payment of a £7m settlement awarded to it and its German partners against Kuwait Metal Pipe Industries. Mr McAlpine said the process would take at least 12 months.

Turnover in the year rose from \$240.09m to £393.08m. Last August, the company pulled out of its South African operations with the sale for £19.5m of its "Such are the problems of inter-national contracting it is tion was concluded shortly after difficult to be enthusiastic about the year end, and the profit of short-term prospects, particularly £15m on the sale will be taken

group's total investment there to \$48m (£32.4m). The opportunities in the US looked very encouraging for both the minerals and home divisions, the chairman said.

The construction division increased profitability and is hopeful of a further improve-ment in the current year, despite the lack of work opportunities and the competitive prices operating throughout the indus-try. Mr McAlpine said that there are signs of a little more work becoming available, which he hopes will allow a "modest but -needed increase in mar-

The minerals division did not achieve its budgeted profit due to a poor first half in the UK and the much lower South African result. The second half was much better in the UK, producing a reasonable profit for the year.

The company paid £8.81m in tax for the year, against £5.84m. Undistributed profit is shown at £9.55m (£12.36m).

comment

McAlpine surprised the City, and even itself, by producing a million or so more than everyone had expected. Its share price jumped accordingly to close 16p higher at 352p. With the disposal of its South African interests — in a deal which, luckily for McAlpine, was negotiated before Alexandra Township erupted—the company has solved its most pressing problem. From now onwards McAlpine will look to the US for growth. The company ha already secured a foothold in minerals and property on the Eastern seaboard and, armed with the proceeds of the South African sale, is searching for more. Another minerals deal should be announced within the next few McAlpine surprised the City, and was much better in the UK, producing a reasonable profit for the year.

The property division had a "disappointing year, with both lettings and sales taking longer than expected," said Mr McAlpine. However, there has been a general improvement in the prospects for both operations, and the company is hopeful of a considerable improvement in profit.

Overall, the chairman was confident about the current year. A good start had been made by the new activities in the US, he said, and he looked forward to a

Heavier losses for Petrogen

MR ROBERT CLARKE, chairman and managing director of Rock, the engineering parts suppliers, has sold a 17 per cent share in the company and resigned from The stake has been bought by a consortium led by Mr Trevor Chinn, chairman of Lex Service,

The directors, however, con-

REFLECTING the fall in prices received and high overheads, examining ways of reducing the Petrogen Petroleum inc., USM quoted oil and gas exploration group, suffered taxable losses of \$64,197, against \$274,519 for the ... group, suffered taxable losses of US\$259,060 (£177,000) for the US\$259,060 (£177,000) for the previous year, while after prosix months ended Angust 31 duction. costs and depletion, 1985. These are compared with \$86,509 for the whole of the previous 12 months to February 28 There was no tax and after minority interests of \$23,244 operating profits came out at \$37,902, compared with \$191,739. There was no tax and after

minority interests of \$23,244 (\$29,422) the loss emerged at \$235,817 against \$57,087. tinue to seek opportunities for \$235,817 against \$57,087.
expansion by way of the acquisition of suitable reserves that burg Field, in Colorado, the conwill improve cash flow and the struction of a new pipeline is utilisation of group overheads. expected to yield significantly

higher volumes of gas than the six month period to August last, and that higher sales should be achieved through the summer

In the UK one of the group's wholly-owned subsidiaries, has taken a 22 per cent interest in a group application relating to the east midlands, and an interest of 20 per cent in a group applying for two licences, one in Shropshire, the other in Lau-

The group will not be the

Metal Bulletin slips to £1m

Chinn, chairman of Lex Service, the automotive and electricals distributor, and Mr Oswald Dockery, finance director of Rock, who becomes chairman and managing director. Mr Chinn will join the Rock board as a non executive director.

Mr Clarke, who joined Rock four years ago and helped turn the company round, sold his holding at 24p a share, netting £720,000. DESPITE improved turnover of £6.13m, against £5.8m, ore-tax profits of Metal Bulletin fell for this year and onwards, were for this year and onwards, were costly.

A maintained final dividend of 2.75p net is proposed, making the carnings per 10p share fell from 7.75p to 6.83p. The company's shares are traded on the Unlisted Securities Market.

Mr Frank Rice-Oxley, the chairman says 1985 was a difficience in all branches of international metal trading, resulting in many clients deferring expenditure.

This worsened the already of £15, from After losing £342,000 before tax on £1.03m turnover in 1981, the group moved back into profit in 1984, with £72,000 pre-tax on £5.85m sales. For the first six months of 1985, the group made pre-tax archits of £95 000 Mr Clarke will remain on the board of Rock Merchanting, the group's principal subsidiary.

He has bought 490 shares in

turnover and profit

Looking shead, Mr Rice-Oxley says a dramatic increase should not be expected, but he is con-fident of resuming forward momentum once the cloud asso ated with the tin crisis lifts.

After tax of 5429,100 £535,000), extraordinary charges of £15,400 (nil) and dividends up ing his stake to cult year. The markets of the precisely at the time when many retained profits were down from core business, the trade journal of the new measures taken to £328,500 to £210,800.

Bestwood's £6.3m bid for Country Gentleman

By Charles Batchelor

BESTWOOD, the investment holding company with fund management and property interests, is making a £6.3m takeover bid for The Country Gentleman's Association, which provides financial services to its \$2,000 members as well as ponymembers as well as non-members.

This is the second itme within two years that Mr Tony Cole, chairman of Bestwood, has attempted to gain control of the association.

Atlanta Investment Trust where Mr Cole was managing director, launched a £1.1m tender offer for 29.9 per cent of the association in June 1984. Mr Cole moved to Bestwood

in February 1985, where he became chairman, shortly after Atlanta had been taken over by Grovebell Group.

He bought a 29.9 per cent stake in Bestwood and injected into it Atlanta's fund management and unit trust interests, which he had bought back from Grovebell. The Atlanta tender was

foiled by the intervention of the trustees of Lord Tanlaw's Settlement, who acquired a 24 per cent stake in the asso-

24 per cent stake in the asso-ciation to block the bid.

The Bestwood bid, in contrast, has obtained the backing of the Tanlaw trustees who now control 27.1 per cent of the associa-tion, or 200,000 shares. In addition Bestwood owns a further 15.500 chares or 2.1 further 15,500 shares or 2.1 per cent of the association's

equity. For For every association share Bestwood is offering two of its own shares or one of its shares and 350p cash. The partial cash offer has been underwritten by stock-brokers Greig, Middleton, Bestwood's advisers.

Bestwood's shares rose 2p

to 425p yesterday to value the all share offer at 850p per the all share offer at 850p per share and share and cash offer at 775p per share. The association's shares leaped 250p to 800p.

The Tanlaw trustees are believed to have given this bid their backing because of the association's recent poor

Pre-tax profit fell to \$124,000 on turnover of £1.53m in the six months ended September 1985, from £132,000 on utrasver of £1.36m previously. The association started life

as a mail order firm supplying gardening equipment, but developed into a financial services group providing its members with advice on ingages. It now also has about 109,000 non-member clients.

Mystery deepens on true ownership of Westland shares

BY LIONEL BARRER

THE mystery surrounding the true ownership of a substantial block of shares in Westland, (4.99 per cent): Sterling Trust Actraint No 34 Pty Ltd, Canberra Actraint No 34 Pty Ltd, Canberra (4.99 per cent): Sterling Trust Sterling Tru

The company is releasing up to 1.4m shares for £1 each to raise between £550,000 and £1.4m in an issue sponsored by Chancery Corporate Services. The issue will close on April 30. Investors who buy more than 2,500 shares will be entitled to princrity booking and to attend first nights.

The Playhouse should repen

in July next year. The company plans four productions a year: mix of the classics, revivals and new plays, according to the chair-man, Mr Robin Gonshaw. The

theatre has been unused since 1951 except for BBC: radio recordings between 1951 and

Theatre group stages £1.4m BES share issue

BY ALICE RAWSTHORN

THE PLAYHOUSE Theatre Com-pany is seeking to raise £1.4m through a business expansion scheme to reopen a West Ead theatre and start a production

The company's directors have already invested £1.4m in the project, and the theatre, the Playhouse on Northumberland Avenue, has ben purchased. The company plans to spend £1.275m on refurbishment and £750,000 in forming the production company.

BOARD MEETINGS

The following compenies have notified rates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interints or finals and the subdividence shown below are based mainly on last year's timetable. TODAY

Finals: Capital and Countles, First Scottish American Trust, Ladies Pride. Mount Charlotte Investments, Ozalid, Radius.

FUTURE DATES

Microvitec Mer 3
New Derica Oit Truss Mar 13
Provident Financial Mar 4
Sega Holidays Feb 28
Suter Mar 17

Macmillan set to buy rival publisher

By Lionel Barber

Macmillan, publisher of more than 900 titles a year, is set to buy Sidgwick & Jackson, a rival publisher whose recent best-seliers include the Live Aid book and Iacocca, the autobiography by Lee Iacocca, head of Chrysler.

Mr Geoff Todd, finance director at Macmillan, confirmed yesterday that talks with Sidgwick and its owner, Trusthouse Forte, the cater-

Trusthouse Forte, the catering and hotel group, were well advanced. well advanced.

Macmillan made pre-tax
profits of £5.1m on turnover
of £82.1m in 1984. Sidgwick
has an annual turnover of

about £3m and has been pro-fitable since 1981.

Scottish **Amicable**

bonus pegged

Scottish Amicable Life Assurance Society, a leading Scottish life company, has declared both unchanged reversionary bonus rates for 1985 and unchanged terminal bonus rates for claims arising during 1986.

during 1986.
On assurances, the reversionary bonus is £4.50 per cent of the sum assured and £5.50 per cent of attaching bonuses. The rate for individual pension contracts is £4.60 per cent of the basic benefit and £8 per cent of attaching bonuses.

ttaching bonuses. The terminal bonus scale is based on the duration of the contract at the time it becomes a claim, and the company is maintaining it despite the rise in assets values during last year.

HONEYWELL CAPITAL N.V. **6% SUBORDINATED GUARANTEED** CONVERTIBLE DEBENTURES **DUE 1986**

Notice of Granting of Stock Rights

Notice of Granting of Stock Rights

Pursuant to Section 3.06 of the Indenture dated as of November 15, 1971, the Board of Directors of Honeywell Inc. (the "Company") has established March 7, 1986 as the Record Date for the determination of holders of Common Stock, per value \$1.50 per share, of the Company that are entitled to receive Rights, Initially representing the right to purchase one one-hundcedth (1,700th) of a share of Series A Junior Participating Preferred Stock of the Company, pursuant to the terms of the Rights Agreement, dated as of February 28, 1986, between the Company and Norwest Bank Milmaapolis, N.A. as Rights Agent. In addition, Rights will be issued for each share of such Common Stock Issued by the Company between the Record Date and the Distribution Date upon conversion of the Honeywell Capital N.V. 6% Subordinated Convertible Debentures Due 1986. The Distribution Date is the earlier of: (1) 10 days after the public announce-Distribution Date to the earlier of: (1) TO days after the public announment that a person or group beneficially owns 20% of the Common S and (ii) 10 business days after the commencement of a tender or axi

VICKERS IN 1985

layers.

HIS has been a successful year for Vickers. A Turnover on continuing businesses rose from £503.6m to £602.3m and profit before taxation by 46 per cent from £30.8m to £45.1m. Taxation by 40 per cent from £4.4m to £11.4m due to more subsidiary companies' profits becoming taxable. The resulting profit after tax of £33.7m is an increase of 28 per cent. All key businesses improved profitability with the exception of Marine Engineering, where substantial costs on development and

pre-production of new products were written off during the year. An important feature of 1985 was the acquisition of new businesses to add to the strength of those within the Company. These acquisitions were facilitated by the success of the Company's divestment programme in which the major part of the property portfolio was sold and BAJ Vickers, Vickers Dawson and our interest in Comsteel Vickers were

Acquisitions made during the year included Comforto, the leading European manufacturer of office seating and Teca, the US distributor of Vickers electromyography equipment. Both bring significant benefits to the Divisions of which they now form part. Particular emphasis in 1985 was given to

investment, innovation and new product development. The programme included some £17 million spent on R&D. Such investment is essential to maintain product superiority and ensure profitable growth in world markets. In view of the continuing improvement in

results the Board is recommending a final dividend of 8p per £1 Ordinary Stock, making a total of 13p for the year, all net of tax credit compared to a total of 10p for 1984.

MOTOR CARS

Sales Profit before interest

£175.8m (£149.2m) £17.2m (£14.1m)

1985 was a year of strong demand for Rolls-Royce Motors, boosted by the successful launch of the new Bentley Turbo



A close balance was maintained between production and sales. Expenditure on existing and new product development was increased. Productivity gains were achieved at both Crewe and Mulliner Park Ward.

LITHOGRAPHIC PRINTING PLATES AND SUPPLIES

£118.2m (£104.8m)

Howson-Algraphy had a good year with further growth in market share and increased sales in virtually all markets. Despite competitive pressures, margins

In the UK, Howson-Algraphy is strongly placed to take advantage of technological changes now taking place in the newspaper printing industry. Significantly improved performances were reported by both the US and Canadian subsidiaries. Sales and



In addition to lithographic printing places, Howson-Algraphy manufactures a range of processing count

BUSINESS EQUIPMENT

The acquisition of the internationally successful Comforto Group, with factories

ensures a major presence in Europe and provides access to the US market. Comforto traded well in the post

Vickers Furniture had another very

won major orders. C.A. Parsons of Ireland was acquired to provide a base in the

successful year with continued profit growth. The new System E 90 screen-based furniture

£84.7m (£60.8m) £6.2m (£2.7m)

in West Germany, Switzerland and the USA acquisition period and ended 1985 with a strong order book.

Republic of Ireland. Extra UK manufacturing capacity is planned to maintain market leadership. Vickers Roneo France is pursuing an investment programme to improve cost competitiveness.



MARINE ENGINEERING

Sales Profit before interest

A record sales year, although profits were depressed by high product development costs. Brown Brothers delivered its first crown mounted compensator. John Hastie gained its first orders for the new orbital

crane product. Michell Bearings made strong progress and contributed to profits. Stone Vickers Ltd supplied the first production units of its retractable azimuthing thrusters to Mitsui for the world's largest heavy lift

crane barge.
Vickers Japan opened new nanufacturing facilities. Jered Brown Brothers made a major trading contribution with sales to the US Navy. The US Navy also commissioned from SOFEC Inc the first rapidly deployable single point mooring system.

DEFENCE AND AEROSPACE

Sales Profit before interest

£69.5m (£57.1m) £6.2m (£6.0m)

A year of strong development for Defence Systems Division. The most significant order was from the Ministry of Defence



The Vickers Mk 7 tank incorport Krauss Maffei of West Germany.

for the design, development and production of Challenger tank armoured repair and recovery vehicles. In addition to manufacturing turrets for the Warrior tracked infantry combat vehicle, the Division is also converting a number of Chieftain tanks to armoured bridge

International collaboration activity was extended in 1985 to include projects with West Germany, Brazil. USA and China. The Vickers Valkyr underwent successful Precision Components Division, makers

fabrication sales reached record levels but foundry results were depressed.

of gas turbine components, again expanded sales volume and exports. Machining and

MEDICAL AND SCIENTIFIC EQUIPMENT Sales Profit before interest

Corporation, manufactures neurodiagnostic equipment and also distributes Medelec products in the USA.
Vickers Instruments (Canada), manufacturer of electron microscopes provides a logical extension to Vickers optical micromeasurement technology. The third acquisition, Études et Constructions

1985 was a year of expansion with three acquisitions. The most significant. Teca

Electromécaniques et Médicales, SA will distribute Medelec and Teca products in Medelec maintained its world leadership in electromyography with further sales of the

Mystro system. Vickers Medical sales were adversely affected by some reduction in healthcare spending but plans are under way to broaden both product and geographical market bases and accelerate R&D.

Vickers Instruments continued to develop Quaestor, an automated micromeasurement system for the semiconductor industry.

Sales to the fibre optic and magnetic head industries are buoyant and a new automated head-gap measurement system has been

Joyce-Loebl enjoyed a successful year for image analysis systems. Sales were buoyant in world markets, including China.



OTHER ACTIVITIES

£49.1m (£41.8m) £2.5m (£0.5m loss) Sales Profit before interest

PRINTING & PACKAGING MACHINERY Crabtree Vickers Leeds consolidated its 1984 recovery with increased profits.

Development of the Civilox newspaper inking system has established a major

growth area. Crabtree Vickers Gateshead

again improved output and profits but orders were below expectations.

DESIGN AND PROJECTS

The Division had a difficult year but traded profitably and maintained a healthy order book at the year end. New projects included orders from Japan and Hong Kong, and the final stages of existing key contracts were reached. Prospects in the USA for aircraft component test equipment are encouraging.

MACHINE TOOLS

Kearney & Trecker Marwin returned to profitability with a major upturn in orders following the introduction of new technology, which helped secure significant new business. Partnerships with Siemens and Mitsubishi have greatly strengthened global marketing capability and orders have been won from Jaguar, Case International and Citroen and Citroen.

AUSTRALIAN ASSOCIATE Comsteel Vickers returned to profitability in the second half of 1985. At the turn of the year the Vickers' 38 per cent shareholding was sold, a move which reflects Vickers corporate strategy of concentrating resources on key business

RESULTS IN BRIEF	. 1985 £m	1984 £m
Sales	611.2	528.8
Profit before taxation	45.1	30.8
Profit after taxation	33.7	26.4
Stockholders' profit	42.2	16.4
Dividends	12.4	9.6
Profit retained	29.8	6.8
Earnings per £1 of Ordinary Stock	36.3p	28.6

VICKERS P.L.C. PO BOX 177 MILLBANK TOWER MILLBANK LONDON SWIP 4RA The figures shown above are from the full accounts which have bell accounts on by the Company's wnich nave been reported on by the Company's auditors. The full Report and Accounts will be posted on 1st April 1986. Non-stockholders, please wrise for a copy to The Secretary at the address above. The Annual General Meeting will be held at 12 noon on 24th April 1980 at Millbank Tower.

THE STANDARD OIL COMPANY ANNOUNCES NO CHANGE FOR A CHANGE.

-	STANDARD OIL (NEW YORK) IS NOW MOBIL
30.2	STANDARD OIL (NEW JERSEY) IS NOW EXXON
	STANDARD OIL (INDIANA) IS NOW AMOCO
	STANDARD OIL (CALIFORNIA) IS NOW CHEVRON
:	

At The Standard Oil Company we're doing something unusual in the oil industry.

We're keeping our name.
So while some of you have known us as Sohio, and others have known as as Standard of Ohio, we're really The Standard Oil Company.

The reason is simple.

Back in 1870, there was one company called The Standard Oil Company, based in Ohio.

That was us.

Then came growth, government regulation, and breakup. And there were eight companies with "Standard Oil" in their names.

Next, something interesting happened.

Seven of those eight companies became something else.

In fact, through a series of mergers and name changes, only one company called The Standard Oil Company remains.

The one based in Ohio.

The original.

The one whose name started it all.

THE STANDARD OIL COMPANY

The Standard Of Company comprises the following groups: Standard Oil Production Company, Sohio Oil Company, Standard Oil Chemical Company, Standard Oil Engineered Products Company, Standard Oil Metallurgical Company, Old Ben Coal Company, Kennecott Corporation, and Standard Oil Research and Development.

UK COMPANY NEWS

An ability to surprise seasoned professionals

Charles Batchelor on the Kuwait Investment Office

Management and Underwriting of New Issues Portfolio Management Local and Foreign Real Estate Development **Direct Investments**

of a thoroughbred Arabian stallion is known to run into the millions. The stallion's impressive strength and dependability is the result of his master's prevailing care and

International and Domestic Money and Capital Markets





management, including \$6bn in London, the KIO is one of the

brokers, De Zoete and Bevan, which had all assumed the KIO would be a long-term holder of the shares. De Zoete was sacked by Exco for its miscalcu-

management, including \$6bn in London, the KIO is one of the wealthiest fund managers in the world.

The KIO's devotion to secrecy and a widely-held belief that a large state-owned investment organisation has to be slow on its feet have caught out more than one company chairman or rival inspitution in the past few years.

The Exco deal surprised Exco, British & Commonwealth Shipping, which was the original owner of the shares, and Exco's brokers, De Zoete and Bevan, offending the institutions which have already agreed a price or explaining to his client why he did not accept the better KIO

The Bank of England, too, was apparently displeased at the speedy onward sale of the shares to Tan Sri Khoo Teck Pust, a businessman whose operations had previously been centred on the Far East.

Tan Sri Khoo's subsequent boild-up of a 27 per cent stake in Exco fuelled fears the company was vulnerable to a prompted merger talks — first disclosed on Sunday—with Morgan Grenfell the British merchant bank.

KIO's ability to act fast and avoid the bureaucratic delays avoid the bureaucratic delays to the fast and avoid the bureaucratic delays the speedy onward sale of the shares apparently displeased at the speedy onward sale of the shares apparently displeased at the speedy onward sale of the shares apparently displeased at the speedy onward sale of the shares are days of the shares are fast and avoid the bureaucratic delays twich to ther inguminy of half the new shares being left with the underwriters.

"They are tough and they can be hard to deal with but they are decisive," said one broker. "If they say yes they mean it. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there first. They are the sort of chaps vou want. You go there we can it. They are the sort of chaps vou want. You go there we can it. They are the sort of chaps vou wan

Affice, one of the most secretive and unpredictable of the City's major investing institutions, about the Exco affair.

We negotiated a fair price even the most seasoned professionals with its recent purchase—and immediate sale—of Even and immediate sale—of Even a confirmed its ability to surprise even the most seasoned professionals with its recent purchase—and immediate sale—of Exco International.

In the space of just 24 hours in mid-November the KIO bought a 22 per cent stake in Exco. one of the leading London money brokers, and sold it on to a little-known Malaysian businessman, taking a near £6m profit on the way.

The KIO, the main organisation for investing Kuwait's oil revenues overseas, showed once again that its size did not prevent it moving with surprising speed. With \$20bn-\$30bn under management, including \$6bn in London, the KIO is one of the leading very arrogant, very

"We negotiated a fair price and bought in good faith. We gave no commitment, so if people make assumptions that a fair price and bought in good faith. We gave no commitment, so if Alva Investment Trust is their fault. Anyone who has followed us has seen us buy and sell big holdings.

"When you have £123m at risk and someone offers you an immediate return what do you do? To whom did we owe our loyalty, to Extel, B and C or our own shareholders?"

Apart from those involved in the Exco share shuffle there are been bruised by this non-non-non-necessary and Crossfield

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Sources: Extel. Crawford's Directory of City Con-

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in the City who welcome the KIO's ability to act fast and avoid the bureaucratic delays which can occur with other incominy of half the new shares oil price quadrupled in the bureaucratic delays which can occur with other incoming of half the new shares oil price quadrupled in the price quadru

difficulties have had an inevitable impact on the fidw of funds. Some people in the City have detected a greater willingness on the part of the KIO to sell holdings and take a profit than previously was the case. The KIO nevertheless regians purchase of St Martin's Property of the them.

a major player on the international scene.

The 40-strong team of investment managers, analysts
and traders handle about two
thirds of Kuwait's activitymanaged reserves of around
\$40bn. They handle all of
Kuwait's worldwide investments. It believes
\$40bn. They handle all of
Kuwait's worldwide investments

To St Martin's Property Corporation in 1974, coincided with the start of an
unexciting decade for the property Market.

The KIO pursues a deliberately hands-off policy to its
equity investments. It believes
that too close an involvement
in management decisions usuald Knwait's worldwide investments in management decisions would out of St Vedast House, an make it privy to insider information and expose it to restrictlock in the City facing acress tions on its freedom to deal in the bustling Cheapside to St the shares.

Paul's Cathedral.

The KIO is a tightly-ren, officials avoid close contacts self-contained unit which claims even with the companies in

The top two positions are held by Knwaitis. Chairman of the KIO is Sheikh Fahd M. Al-Sabah, a member of the Kuwait royal family. Mr Jaffar, his deputy, is in charge of day-to-day operations. The investment teams include about 10 other Kuwait nationals.

At the next lawar down the

At the next layer down the British, or rather Scottish influence, becomes apparent, with two Scottish-trained accountants, Mr Bruce Dawson and Mr Bell, the Scotch whisky disparent management positions.

It was censured last July by the Kuwait Finance Ministry for buying shares in Ansthur Bell, the Scotch whisky dispared Buchanan in senior investment management positions.

The tight-knit nature of the London operation means decisions can be taken rapidly and investment policies can be adapted at short notice.

"They do have an amazingly high degree of discretion which you would not expect of an Arab investment entity," said one UK fund manager.

one UK fund manager.

"They have the advantage of having a single shareholder or principal so they don't have to refer back to their trustees,"

commented another.
The KIO's stated aim is to carry out long-term investment to protect and increase capital value. But to avoid becoming an index fund, with investments which merely mirror the Stock

Exchange indices or inflation, the KIO is prepared to take short-term risks and profits.

How successful have these policies been? A recent official Kuwaiti survey of the relative performance of the KIO and the commercial

banks which manage other Kuwaiti investments showed that the KIO matched or exceeded all but one or two of

Apart from its sizeable equity holdings in UK equities (see table) the KIO owns three British companies: St Martin's Property Group; Hay's Group, which has interests ranging from chemical manufacture to insurance broking; and Autobar, a catering services company. These companies employ 5,000 people in the UK.

Britain counted for 18 per cent of the KIO's investments, according to one recent estimate, with the US taking 30 per cent, Japan 20 per cent and West Germany 15 per cent.

Despite its low profile, pros-sure from inside Kuwait led to the establishment in 1982 of a Kuwait Investment Authority, originally intended to import outside advisers and move the back home. But this threat to the KIO's autonomy faded when it was realised that it was impossible to maintain active management of the portfolio if all major decisions had to be referred back for approval

over a 3,000-mile telex line. Provided the investment teams in St Vedast House do not lose their touch, the KIO should be able to maintain its freedom of action - and its ability to spring surprises on

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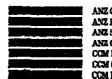
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IN THEUNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

Continental Airline Corporation, CONTINENTAL AIR LINE, INC., TEXAS INTERNATIONAL IRLINES, INC., TXIA HOLDINGS CORPORATION. TXIA FINANCE (EUROPE) LV., TEXAS INTERNATIONAL JIRLINES CAPITAL N.V., and TEXAS INTERNATIONAL AIRLINES FINANCE N.V.,

Chapter 11 Case Nos. 83-64019-H2-5 through 85-64022-H3-5 and 85-65481-H3-3

NOTICE TO CHEDITORS AND EQUITY SECURITY HOLDERS (A) CONCERNING VOTING ON DEBTORS' PLAN OF REORGANIZATION AND (B) FIXING DATE, TIME AND PLACE FOR HEARING ON CONFIRMATION OF PLAN OF REORGANIZATION

TO ALL CREDITORS AND EQUITY SECURITY HOLDERS OF THE

NOTICE IS HEREBY GIVEN THAT:

1. On February 12, 1986, the United States Bankruptcy Court for the Southern District of Texas (the "Court") entered an order (the "Order") approving the disclosure statement (the "Disclosure Statement") in respect of the Third Amended John Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code (the "Plan") filed by Continenal Airlines Corporation, Continenal Air Lines, Inc., Texas International Airlines, Inc., TALA Holdings Corporation, TXIA Financie (Europe) B.V., Texas International Airlines Capital N.V. and Texas International Airlines Capital N.V. and Texas International Airlines Corporation, TXIA Financie (Europe) B.V., Texas International Airlines Capital N.V. and Texas International Airlines Copies of the Plan and Diclosure Statement and a ballot for voting on the Plan will be malled to all known creditors and equity security holders no later than February 26, 1986. If you believe that you are entitled to vote on the Plan and haje not received the necessary documents by March 3, 1986, you may obtain the Plan, Disclosure Statement and a ballot by melphoning Continental Airlines at (800) 527-3119 (in U.S.A. exclot Houston)

(713) 630-0411 (in Houston 25) Ourside U.S.A.)

(713) 630-0411 (in Houston at Ourside U.S.A.)

2. Fursuant to the Order, only lotes received by the Debtors at P.O. Box 4321, Houston, Texas 77210-4321 prior to 5:00 P.M. Centril Standard Time on April 9, 1986 will be counted.

3. The Court has fixed April 21: 986 at 9:30 A.M. as the date and time for a pre-trial conference in respect of the confirmation hearing orthe Plan. All creditors and equity security holders may, but are not required to, attend such pre-trial conference. The pre-trial conference will be held in Courtroom 1 of the United States Courthouse, 515 Rusk lyence, Houston, Texas and may be adjourned from time to time without further notice except for an andouncement at such pre-trial conference.

4. The Court has fixed April 29, 13% at 10:00 A.M. as the date and time for the hearing on confirmation of the Plan (the "Confirmation Hearing). Creditors and equity security holders may, but are not required to, strend the Confirmation Hearing. The Court house, 515 Rusk Avenue, Houstol, Texas and may be adjourned from time to time without further notice except for an announcement mad at the Confirmation Hearing.

5. Objections, if any, to confirmation of the Plan must be in writing. Hied with the Court possesses in the confirmation of the Plan must be in writing. Hied with the Court possesses.

5. Objections, if any, to confirmation of the Plan must be in writing, filed with the Court, together with of service, and served on the following persons no later than April 7, 1986.

(ii) Continental Airlines Corporation

(vi) Booth, Marcus & Pierce
Attorneys for the Union
Labor and Pension

Attention: Barry P. Simon, Isp.

Creditors' Committee (ii) Well Gotshaf & Manges Attorneys for the Debtors 767 Fifth Avenue New York, New York 10153, Attention: Bruce R. Zirinsky (iii) Weil, Gotshal & Manges Attorneys for the Debtors 1600 RepublicBenk Center

Committee
4200 interFirst Plaza
Houston, Texas 77002
Amention: William M. Schultz, isq. Artenton: William M. Schulz Bishop, Liberman & Cook Attorneys for the Texas International Airlines, Inc. Public Debrholders' Commit 1153 Avenue of the Americas New York, New York 10036 Attention: David Strumwasser

Committee 9401 Wilshire Blvd. Beverly Hills. California 90212 Attention: Clifford Brown, Esq.

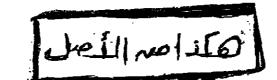
(iz) Milbank, Tweed. Hadley & McCloy Attorneys for the Chase Munhaman Bank, N.A., as Agent 1825 Eye Screet, N.W. Washington, D.C. 20006 Attention: Glenn S. Gerstell, Esq.

6. SPECIAL NOTICE TO HOLDERS OF TEXAS INTERNATIONAL AIRLINES CAPITAL N.V. GUARANTEED FLOATING RATE NOTES DUE 1986 ("Eurobonds"): Holders of Eurobonds may obtain a Plan Disclosure Statement and bellot, together with voting tructions from Continental Arrimes at the rel-place numbers set forth in paragraph "1" or by connering of the following:

Ceds S. A.
67 B. Gr. D. Charlotte
P.O. Ext 1006
Lineabourg
Atm: Corporate Trust Department us Department

WEIL, GOTSHAL & MANGES Amoroeys for the Debtors 767 Fifth Avenue New York, New York 10153 (212) 310-8000

BY ORDER OF THE COURT /s/ T. Glover Roberts



WHERE A company pension fund includes surplus which need not be used for the benefit of scheme-nembers, actuarial valuation on a "share of the fund" basis would be inappropriate in calculating what portion of the fund is to transferred with certain members to another company; and valuation on a past service reserve hasis company; and valuation on a past service reserve basis which allows for future pay increases and which maintains the expectations of transferring and remaining scheme-members cannot be set aside in the absence of mistake or improper motive on the actuary's part.

Mr Instice Walton so held when dismissing a claim by Hillsdown Holdings Ltd and others against Imperial Foods Ltd and others, for a declaration when dismissing a claim by Hillsdown Holdings Ltd and others against Imperial Foods Ltd and others, for a decigration that the portion of Imperial's pension fund to be transferred with certain scheme-members to Hillsdown should be calculated on a share of fund basis. The Imperial trustees succeeded on a counterclaim for a declaration that an actual valuation of the portion based on past service mothod (5), "share of fund."

Mr Martin said that by method (4) the value of the benefits accrued to date was calculated not by reference to salaries at retirement. The assets in the fund would be more will be the pated salaries at retirement. The assets in the fund would be more will be the confident to the salaries at retirement. The assets in the fund would be more all

nts Lordship said that a voluntary trust scheme was made on June 5 1980 covering the employees of Imperial and its subsidiaries. The companies met

unembers.
Under the terms of the scheme if a company ceased to be a subsidiary of Imperial the trustees were to set akide a portion ("the separated portion") of the fund for transfer to a new

of the fund for transfer to a new scheme or to an existing scheme, or to be dealt with as if the scheme were being dissolved.

The separated portion was to be determined by the duly appointed actuary, Mr. L. J. Martin, "and shall be such portion of the fund as shall in all the circumstances appear to him the barrangements at the time the to be appropriate at the time the subsidiary company ceases to be a subsidiary."

Imperial had two subsidiaries, Allied Farm Foods and J. B. Eastwood. On April 1 1981 it agreed to sell their entire issued capital to Hillsdown

S. COME

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Holdings.

Hillsdown covenanted that employees remaining in the service of the subsidiaries at completion date should be offered membership of a new retirement scheme, established for their benefit. It agreed that the separated portion under the temperal scheme, should be ear

employees.
Allied and Eastwood ceased to Affect and Eastwood ceased to be Impertal subsidiaries on May 18 1982 and the Hillsdown trust deed was made on October 28 1982. Mr Martin certified the amount of the separated portion based on the situation as at May 18 1982. The question was whether it

was possible to challenge that certificate on the ground that Mr Martin used a wrong method of calculation.

In his report Mr Martin, without attempting to be exhaustive, said the methods by which the separated portion might be calculated included: (1) number of members; (2) cash accumulations; (3) value of accrued rights calculated by reference to current salaries; (4) past service reserve with allowance for future salary and pension increases; (5) total past and set. was possible to challenge that certificate on the ground that Mr Martin used a wrong method tions; (3) value of accrued rights calculated by reference to current salaries; (4) past service reserve with allowance for future salary and pension increases; (5) total past and future service reserve methods; (5) etc.

(6) share of fund.

He said that within each of those basic methods there was a whole range of assumptions, for example interest inflation

assets in the fund would be more than sufficient to meet all accrued liabilities including employees of imperial and its active infantices including subsidiaries. The companies met allowance for future pay and a the cost of providing benefits in measure of pension increases. It excess of amounts paid by would not be unfair to continuing members.

Under the terms of the since there would be more than

since these would be infer that sufficient to provide anticipated benefits for all concerned.

Furthermore, he said, all members of the scheme, whether remaining or transferring, had a reasonable expectation that their transfer mentions would benefit future pensions would benefit from future pay increases, and their expectations were not reduced.

He therefore concluded that a

separated portion based on past service reserve with allowance for future pay and pension increases was appropriate.

The basis adopted was generous in that it preserved for transferring members not only their strict contractual rights

their strict contractual rights but a considerable surround of likely increases and additional discretionary benefits.

According to Mr Felton that was not generous enough. He proposed that one should take the actuarial value of the liabilities of the scheme for service to May 18 1982 attributable to transferring members, and the actuarial value of the liabilities for service to May 18 1982 attrifor their benefit. It agreed that for service to May 18 1982 attri-the separated portion under the butable to the whole member-imperial scheme should be ear—ship including transferring mem-parked, exclusively, for the bers, and should then calculate reason why it should wish to

the separate portion by taking the same proportion thereof as the first calculation bore to the more for the transferring members because there was, on May 18 1982, a "surplus" in the fund, representing additional payments made by the companies

improper motive."

It could not be argued that

Mr Martin failed to take into
account all the circumstances
which he ought to have taken
into account; and it had been
conceded that if his method were

there was a great division of opinion among actuaries. As the only conceivable "mistake" which Mr Martin was alleged to have made was a master of opinion, it was clear that Hills-

down had shown no ground in law for upsetting his carefully-worded certificate. Indeed, Mr Felton had said: "It is a view which can be held to 15 a view which can be field by a competent actuary." Those few words of admission were really an end to Hillsdown's case on the point.

choice between the two methods had been one for the court, Mr Felton's submissions would not have been convincing.

The difference between the two was that adoption of the share fund method froze at a particular moment a purely notional surplus over and above the amount necessary to fund

the amount necessary to fund the future actuarial expectations of transferring members, whereas it did no such thing for the benefit of remaining members.

What was called a "surplus" represented temporary surplus funding by the employing company. Members were all going to have their expected benefits when due. They might well hope that the company would expend that the company would expen some of the surplus on increas-ing benefits to them, but if it did it would benefit its own em-

left its service.

There was no certainty that the surplus would be used for members' benefit. Also, it was a continuing fund. If the surplus did produce any benefits, continuing members must share with later entrants.

The fallacy in Mr Felton's view was that he was, in effect, assuming that the fund existing at momeot of separation belonged exclusively to the continuing at moment of separation belonged exclusively to the continuing and transferring members and to nobody else. That was not

that the past service reserve method did not adequately meet the entitlement and expectations of the separating members; nor that continuing members had their strict settlement and realistic expectations altered in any

mamer.

What was said was that those might possibly have improved in the future against a background where, even if the surplus remained absolutely constant throughout the life of the fund, there was no containty that and there was no certainty that any of it would ever be applied for members' benefit.

conceded that if his method were correct, the parameters which he took as the basis of his calculations were correct.

What was said was that the "share of fund" method would produce greater equality be tween continuing and transferring members, and it was therefore the more appropriate method.

That was a matter on which there was a great division of the trust deed was to achieve the greatest possible degree of opinion among actuaries. As the only conceivable "mistake" sons interested in the scheme. fairness between the various pea-sons interested in the scheme. Because the share fund method would produce precisely the opposite effect, it would have

been rejected. Under the terms of the trust Indeed, Mr Felton had said: the correct date for determination of the separated portion was the date when the subsidiary cased to be a subsidiary. Contrary to those provisions, since the Hillsdown scheme was not ready, the transferring members before the tween the two methods of the trust the correct date for determination of the separated portion of the separated port of the Imperial scheme until it was ready, in November 1982. Then those who wished to trans-

fer all transferred.

In the interim period, how ever, a large himber who would have been in a position to trans-fer never did. When they dropped out they received bene-fits under the impenial scheme. Nothing in respect of them fell to be included in the separated For Hillsdown and transfer-

ring scheme-members: Nigel Inglis-Jones QC and John Stephens (Nabarro Nabanson). Inglis-Jones (C. and sonn Stephens (Nabarro Nathanson).
For the Imperial trustees and pensions committee: Edward Nugee QC and Nicholas Warren (Trover, Still & Keeling).
For Imperial and continuing scheme-members: Gavin Lightman QC and John Whittaker (D. W. Brush).

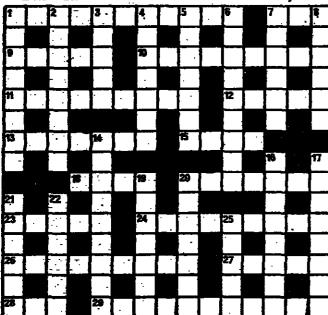
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By Rachel Davies

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THE FINANCIAL TIMES

is proposing to publish a Survey on

DIRECT MARKETING Wednesday April 9, 1986 For further information, please contact: NINA JASINSKI

on 01-248 8000 ext. 4611

Details of Financial Times Surveys are subject to change at the discretion of the Editor FINANCIAL TIMES

Europe's Business Newspaper

1 They ring for service (6, 5) ? Repeatedly put one's oar in 9 Where a saint still has some standing (5) 10 Procrastinate when it's time

10 Procrastinate when it's time to get up (9)

11 Agitated farm animal that is caught in a net, perhaps (9)

12 It isn't corruption; it is corruption (5)

13 Unbridled lust's an essential for Eastern rulers (7)

15 Exploit that should be witnessed (4)

18 Untidy place to note as an eyesore (4)

20 He sounds like a wheelerdealer (7)

21 Beast of burden given first aid (6)

dealer (7)

22 Arm for an armed hold-up

23 Light breeze round the West so close to date, perhaps 25 A substitution haps (5) paper, it makes things look very black (6, 3) Charles I was an old woman!

28 Pull to one side (3) 29 Over-weight chap who puffs a lot? (5, 6)

DOWN 7

I Foreign title an advantage? No. many give it up (8) Stumbling upon clue for "disconnect" (8) 3 Hundred small river fish in

the basket (5)

Solution to Puzzle No. 5,956

CHECKER CON MAN

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CARROLLIC BIMES

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CON MEN

4 Yet they're often put into

bowl (7)
5 Restricted to one sort of

company (7)
6 Badly thrashed, nothing! It couldn't be closer (5, 4)
7 Fruit is seen in the fall (6)
8 Sad reminder from the war (6)

substitute for healing, per-

Solution to Puzzle No. 5,956

US TO HELP THE ELDERLY IN NEED

Help is a large word in our vocabulary.

More than ever we depend on voluntary giving to house our growing family of elderly people in MHA residential Home and Sheltered House he 1990. This is for 2000 old people to be in our care by 1990. This means a busier-than-ever building programme to provide all the extra places. And that costs money. To put it in a nutshell we need £1 every 15 seconds

- some £2 million a year. Will you help please? It's urgent! AMHA
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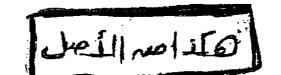
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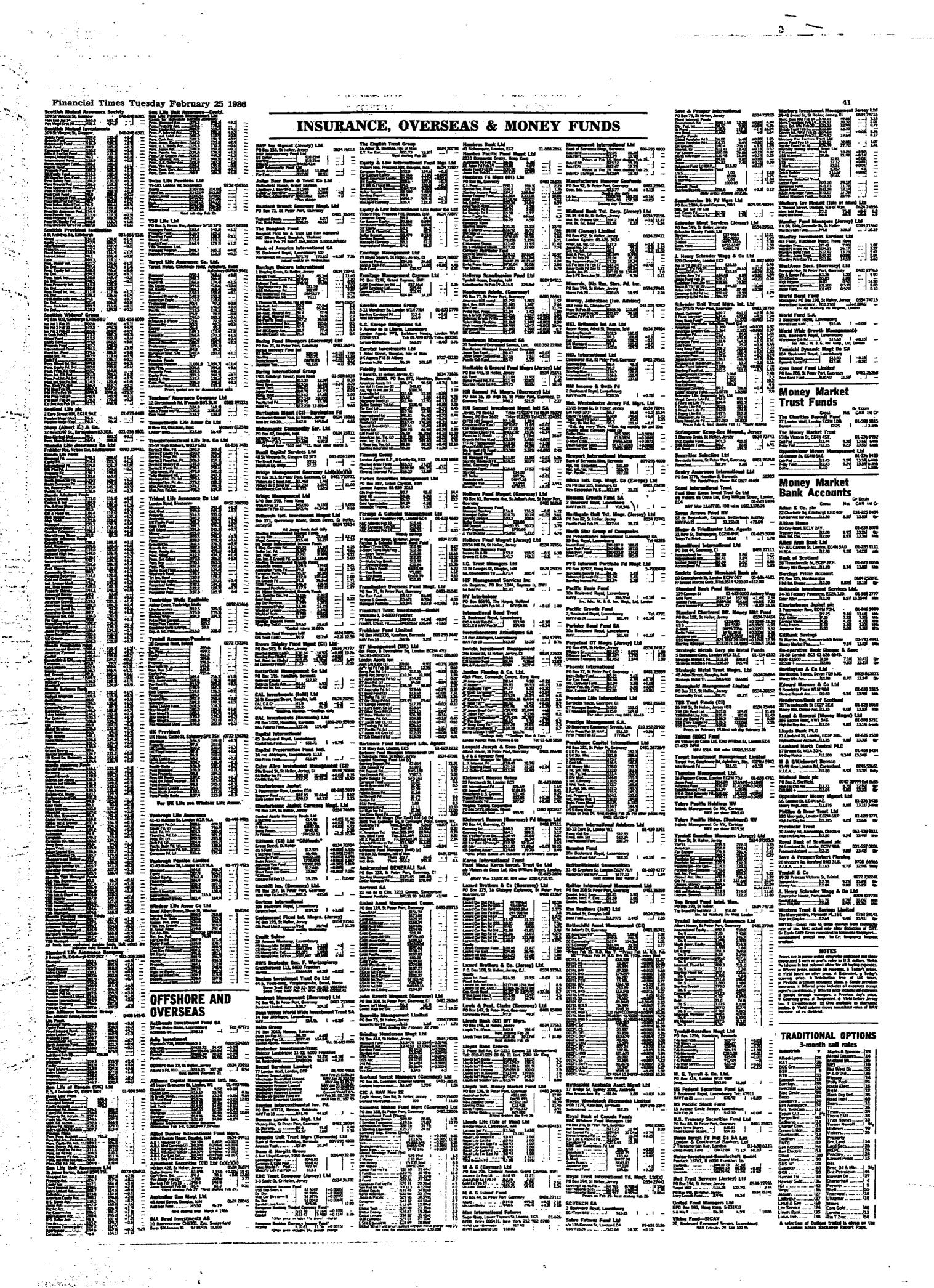
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US MARKETS

NEW YORK

LONDON

MARKETS

THE PLATINUM market's

recent strength was fully maintained yesterday as the

London price rose above \$400

an oz for the first time in two years. With tension in the Philippines adding to the nervousness of the market, which has been boosted recently by industrial problems at Impala Platinum of South Africa (the world's recently bignets readured).

oz, adding \$13.65 to last week's \$36.35 advance. It also

oz, adding \$13.65 to last week's \$36.35 advance. It also widened its premium over gold, which lagged behind with a \$2.75 rise to \$341.25 an oz. The coffee market also remained strong as speculations.

tive buying was encouraged by bullish chart patterns and

a firmer tone in New York. The May position, which rose

£209 last week, gained another £128.50 to £2,655 a toune. Though the market remains more than £500 below its early-January peak

dealers suggested yesterday that it had now "built a firm base" from which to mount a sustainable rally. Apart

from zinc, which was boosted by reports of a planned output cut by a Spanish producer, base metals prices on the London Metal

Exchange were little changed. LME prices supplied by Amaigamated Metal Trading.

Unofficial + or close(p.m.) — High/low £ per tonns

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INDICES

REUTERS

DOW JONES

FINANCIAL TIMES

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(Base: December 31 1931 = 100)
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MAIN PRICE CHANGES

Ministers seek end to EEC starch row

By Ivo Dawnay in Brussels

EEC farm ministers were under pressure yesterday to conclude a long-running debate on the levels of subsidies to be fixed on agricultural inputs used by the Community's chemicals and starch industries.

Mr Gerrit Braks, the Dutch president of the Farm Council, gave notice before the two-day meeting that he would seek a conclusion to the squabble this

At stake is the future viability and competitiveness of industrial and biotechnology ventures using farm produce, and simul-taneously the economic health of farmers growing the sugar, wheat and maize used in chemi-

Industry has warned that if the price of its inputs are substantially higher than those from competitors outside the Community, it will be unable to remain a powerful force in world markets. From the other perspective, the farm lobby insists that substantial subst dies can help them to supply product at the right price and nence absorb significant quantities of the sugar and grains

A number of key issues remained to be agreed last night, however. For the UK, officials have long insisted that to continue today and tomor-row, following the draft agree-ment reached at the weekend between the International Tin a plan to phase out subsidies for starch used in food manufacture can only be accepted if certain products are exempted.

A Commission plan to remove all these subsidies on the grounds that food is already protected from foreign competition by the trade provisions of the Common Agricultural Policy is generally accepted. But London continues to insist that some specific products are not, in effect, protected and hence require further support.

About 75 per cent of UK starch is used for food, compared with a Community average of 50 per cent. And there are fears that jobs and plants could be hit by the change.

For other member states, most notably the Netherlands, concern is expressed over the treatment of potato starch sup-port and the technical provisions made to account for fluc-tuating market prices for maize.

A third issue facing the sinisters is how to limit the effect on starch producers of the proposals for increasing the amount of subsidised sugar made available to the chemical industry. At present, strach producers make the bulk cal manufacturers. Two different subsidy systems for the two swings in usage, damaging the

The question of increased subsidies for sugar sales to chemical companies also raises

Anglo-French backed in varying degrees by Ireland, Portugal and West Germany, argues that sugar should be provided at prices comparable with those available on the world market, in order to keep the EEC industry technically and financially competitive. Safeguards for the starch industry would then have to be

states appeared unconvinced, ever, when the Council began

THIS FEBRUARY, I am told, has so far been the seventh

coldest since 1795—and in the south of England it has cer-

tainly felt like it. Livestock producers have had a fairly mis-erable time. Although most animals can stand very cold

weather indeed, they must have enough to eat and drink; and

providing sufficient water has been the first problem.

Palm oil prices plunge

BY JOHN BUCKLEY

as the highest Malaysian winter combined with surplus stocks and patchy export demand to undermine traders' confidence. Refined and processed palm

oils were selling on the fob origin market for below \$260 a tonne for April/May ship-ment, a drop of \$30 from last week and \$120 below levels ruling in January. Behind the new sell-off were private trade forecasts that

February output of crude palmoil in Peninsular Malaysia will hit 285,000-290,000 tonnes against just 184,000 in February 1985. Official data for December suggest that end-January stocks of crude palmoil will climb to 670,000 tonnes to which must be added 200,000 tonnes-plus of processed oil. Many traders believe stocks are far higher, estimating the total at up to 1m tonnes.

They also fear that second largest exporter, Indonesia, which is boosting output at a dramatic pace will offload in-creasing surpluses on to the ex-port market engaging Malaysia porters "falling over them-

HAGGLING OVER financial details of the proposed rescue plan for the tin market is set

Council and its creditors.

An EEC working group is to meet in Brussels today to con-

sider the financial implications

of the plan, which calls for the

establishment of a new com-pany, provisionally named

Newco, with equity funding of £270m to take over the Council's

85,000 tonnes of tin stocks and

sell them off over about three

This meeting will be followed by further discussions at a

routine meeting of deputy per-

LONDON METAL EXCHANGE WAREHOUSE STOCKS

manent representatives of EEC member states tomorrow.

ments for Newco-which would have a six-member board, com-

posed of two brokers, two bankers and two ITC represen-

tatives—remain under wraps. But it is understood that the

outline plan agreed at the weekend only contains a range of possible financing options and that there are still difficulties

over the level of contributions

expected from ITC members.
Ideally, the company would

need £120m from the Council's 22 producing and consuming members, but the ITC has so

far refused—in public at least—to put up more than £100m.

The balance would be made up by a unilateral contribution

from the UK Government, together with injections from

the banks and London Metal Exchange trading companies which are owed hundreds of

millions of pounds by the ITC.
The debts arise from the Coun-

cil's support buying activities, which it was forced to suspend

when it ran out of money last

FARMER'S

By John Cherrington

protected by their fleeces, seem to take a perverse delight in course in lambing in the most exposed places.

It is, of course, possible to keep the ewes under cover during lambing, but this entails a night shift because if a ewe lambs among a number of those seems and cures are not easy.

It is, of course, possible to keep the ewes under cover during lambing, but this entails a night shift because if a ewe of those affected are carrying browny blue. However, when the lambs can get misselve the majority of the grass there which finishes off the grass there should the provide the last the grass an

others the lambs can get mis-mothered, leading to all sorts of To avoid this disease the the leaves looked very sick, the

trouble. I do though have the transition between herbage plants themselves seemed to be facilities for getting the im- feeding and hay and compound alive and well rooted.

VIEWPOINT

Cold reception for early lambs

-3,250 to 197,275 -6,075 to 168,250

-375 to 64,175 +12 to 66,36 -295 to 66,099 -1,750 to 39,850

-636,000 to 43,256,000

also casting an anxious eye in the direction of the Philippines where a build up of coconut oil supplies has threatened to pour supplies has threatened to pour on to palm export markets as the islands try to find foreign exchange to meet IMF payments. Traders tend to play down the possibility of the political crisis disrupting supplies of coconut oil, the price for which has already dropped by over \$120 a tonne in the last month.

The battle for hard oil mar-

The battle for hard oil markets, palm, coconut and palm kernel, in the Far East has taken on a rough edge since India, once the largest customer for palm decided to cut imports In recent months palm pur-chases have hardly figured in its weekly tendering, encouraging ever bolder bids from the few really big remaining buyers like Pakistan and Saudi Arabia.

and traders.
One possible avenue is that

the UK Government. However, it remains possible

continue to hold out against any

increase in their contributions.

Loan guarantees pose a further problem. Newco needs

£50m in guarantees on top of the £270m capitalisation, and it

was originally envisaged that these would come from the ITC

itself. However, in view of the Council members' refusal to

give them, the banks apparently

offered to provide £25m worth of guarantees. That leaves an additional £25m still to be

Brokers took some comfort

yesterday from the draft agree-ment, but acknowledged that

much work needed to be done to get Newco off the ground.

least they're arguing about tens of millions of pounds now rather than hundreds of mil-lions," said one.

panies also have serious doubts

over the financial projections

on which Newco is based and over its viability in the

absence of strictly-enforced ex-port restrictions on ITC mem-bers.

The plan is that the company should sell off the tin stocks at

an average price of £6,000 a tonne over about three years, but there are those who believe

it will only fetch around £5,000.

CONCORDE, flagship of British

CONCORDE, flagship of British Airways, is to fly to Mexico for the first time carrying spectators for the World Cup final.

Sports World Travel Group plans to fill the 100 seater jet as part of a three-night luxury holiday break costing £3,475 to Las Brisas, Acupulco. The main attraction, said Mr Michael Norris, Sportsworld's marketing director, will be

other day I noted that, although

Concorde flight to

World Cup final

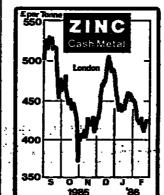
PALMOIL prices plunged on in a new price war. Pressing selves" to sell more but the international markets yesterday reasons for Indonesia to get buyers have sensed that they reasons for Indonesia to get business moving at almost any price include the slump in its petroleum export earnings at a time of depressed revenue from all her major commodities including tin, rubber, coffee and plywood. However, Indonesia is also casting an anylous are including tendens, and anylous are including tendens, and anylous are including tendens, and anylous are included.

This cat and mouse game has

had a damaging effect on the value of competing vegetable oil markets, undermining crush-ing margins in Europe and the US. To make matters worse a US. To make matters worse a glut of Latin American sunflower seed oil has swelled the tide of surplus following a huge Argentine crop. This has cut prices for both premium oils, like groundnut, and bulk staple For palm exporters, who have lived by low prices and high volume for the past decade, there is likely to remain no other option but to undercut while the slump continues. However, if the market look, over sold a rush of consumer order "could easily catch the shorts, say traders, who are looking for the market to bottom out at

EEC studies tin plan Spanish The plan has now been sent for consideration by ITC mem-ber governments and the banks

the governments might agree to raise their contribution to ZINC PRICES rose strongly £110m, but this would require an additional contribution from yesterday on the London Metal Exchange in response to reports another party to fill the gap-possibly still more money from that Spain's largest zinc producer, Asturiana del Cinc, plans to cut exports and lay off worthat the hard-liners within the EEC—led by West Germany, the Netherlands and France—will



and temporary lay-offs in the face of the price slump in inter-national makets and rising production costs.

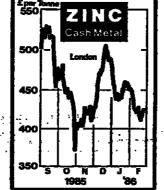
largest single zinc producers, with exports of 103,600 tonnes last year, production of 177,300 tonnes and estimated capacity of 200,000 tonnes.

London said any production cut at Asturiana would not change the overall outlook for zinc, and that yesterday's price move-ment was likely to prove a flash in the pan.

cuts plan lifts zinc

The cash price jumped £12 to £425.50 per tonne, its largest single rise this year after weeks of dull and featureless trading.

In Madrid, Asturiana was quoted as saying it was contemplating a cutback in its output



Asturiana is one of Europe's

However, market analysts in

"The market remains under mined by over-supply," said traders Rudolf Wolff in their weekly market report. sumer stocks are reported to be high and traders are not expectmarketing director, will be ing any renewed interest from seats at the soccer final.

when the frost goes out. Should

it end with heavy rain or melt-ing snow the soil will probably

consolidated around the plants and they will start growing. But should the frost go out in dry conditions there will be a lot of evaporation and the wheat will probably have to be colled almost immediately to

rolled almost immediately to avoid the frost lift which could kill it.

They are a bit small, being a week before the due time, but

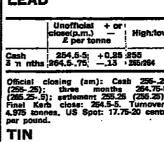
quite healthy. If the rest of the flock go on at this rate there could be serious problems in the

comfortably care for twins. Any

COPPER Higher grade Unoffic'l, +or | High/low Official closing (am): Cash 963.5-4.5 (970-1): three months 991-5 (996-7): settlement 984.5 (971). Final Kerb

Official closing (3m): Cash 779-80 (773.5-6): three months 805-5 (802-5); settlement 760 (776). Final Kerb close; 807.5-8. Turnovar: 15,575 tonnes.

Official closing (am): Cash 952-3 (968-60); three months 981-3 (988-90); settlement 953 (950). Turnover: 12,250 tonnes. US Producer prices 67-71 cents **LEAD**



	Unofficial close(p.m.) £ per mo	+or	High: low
ish Months	2865-79 + 2825-50 · +	17.5 27.5	2855 2825/2835
850-5), 1 ; setjem	osing (em) bree months ent 2855 (28 1-15. Turnove	2906 55). F	10 (2990- insi Kerb

	High grade	Unotfic		High/lor
	Cash 3 months	425-6 435-5	+12 +11.7	440/424
·	Official	closing	(am): Ca	sh 427

(410-2); three months 435-5 (421.5-2); artdement 427-5 (412). Finsi Kerb close: 435-8. Turnover: 9,650 tonnes. US Prime Western: 30.50-35.75 cents per pound.

Gold gained \$2½ to \$341-341½ on the London bulkion market yesterday. The metal tended to move in line with platinum, where a strong early rise was followed by profit-taking. Gold opened at \$342½-343, and touched at \$343.35 in the morning and \$341.80 in the afternoon. The lowest point touched was \$340.340½. GOLD BULLION (fine ounce)

(£23314-23834) (£23414-23434) GOLD AND PLATRICIA COINS Krg'rnd, \$3491e 3443
2 Krug. \$161; 9:182
14 Krug. \$921e 93
1/10 Krug. \$574; 3814
Mapielent \$352-3531a
Angel \$361-353
1/10 Angel \$34-39
New Sow. \$821e-93
14 New Sow. \$821e-93
0d Sow. \$821e-90
\$50 Eagle \$450 490
NoblePlat \$4171e 42214

Silver was fixed 2.65p an ounce lower for spot delivery in the London builtion market yesterday at 404.25p. US cent equivalents of the fixing levels were spot 591c. up 3c; three-month 501.95c, up 3.15c; six-month 613.8c, up 4.35c. The metal opened at 404,406,p (581-535c) and closed at 401,403,p (587-588c).

enough to eat and drink; and providing sufficient water has been the first problem.

The penetrating easterly wind seems to drive the frost through any chink and once it makes contact with a water pipe soon freezes it. This is what is called in the US a wind chill factor and there it is measured to determine the real effect of frost. The meteorological people here do not publish this statistic but last year a neighbour took his thermometer out to check it and found that 15 degrees farenheit of frost in still air turned to 50 degrees in the wind.

Adult cattle and sheep and even pigs will stand this sort of thing as long as they can get out of the actual blast. But new born lambs have to be quickly dried by their mothers or put into shelter if they are to a lossed of field will have exposed areas and the ewes, themselves well protected by their fleeces, seem to take a perverse delight in lambing flock under cover; if I have to.

But lony resort to this if the sudden break which overnight snow, for instance, can cause in the champagne district of the ewes used that lambs of doors, because there are problems of infection with saw to the first like which could be an and other diseases, both of which have can be quickly dried by their mothers or put into shelter if they are to a lossely confined the reversal problems are to survive. This can be quite a job. Even the most sheltered field will have exposed areas and the ewes, themselves well problems are to survive. This can be quite a good the frost lift which could be the wested on the state is other the ewes do not get the sudden break which overnight.

But lony resort to this if the sudden break which overnight in the very I be state in the lambs of doors, because there are problems of intention which have the eves and the lambs of the transmit problems are showing signs of problems are showing signs of problems are such that the even of the arms of the sudden break which overnight in the count.

This included have only had two cars, both of which have only had tw SILVER Buillon + or LMLE. + or par fixing - p.m. troy Price Unofficial

COTTON

mothering-up barn because with her two tests, a ewe can only LIVERPOOL—Spot and shipment sales for the week commencing Februery 17 amounted to 710 tonnes against 1,205 tonnes in the previous week. Operations ranged over Sudenese, Pakistani, Israeli, West-African and American versibles. way it is nice to see that the sheep are doing their stuff. I hope the weather will oblige as well before too long,

Failing to find inspiration for any major price move, futures drifted in a narrow bend through a featureless day and closed virtuelly unchanged. Physicale failed to attract any origin interest but good scale-down consumer business was seen, reports Gill and business was seen, reports Gill and

COCOA	Ciosa	T 0	Dane
COCOA	£ per tonne		Duile
May	1594-1695 1601-1602 1632-1633 1660-1661 1695-1697 1728-1723 1740-1742	+1.0 +3.0 +0.5 -3.5	7905-1584 1608-1597 1639-1625 1688-1682 1705-1654 1766-1725 1741
Sales: 2	,071 (3,467) lots	of 10

in tonnes unless otherwise stated. ‡ Unquoted, † Per 75-lb flask, c Cent

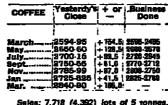
MEAT COMMISSION—Average fat-

MEAT

COCOA

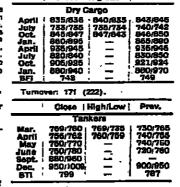
tonnes.
ICCO indicator prices (US cents per pound). Daily price for February 24: 101.87 (100.81); five-day average for February 25: 101.78 (101.61).

COFFEE



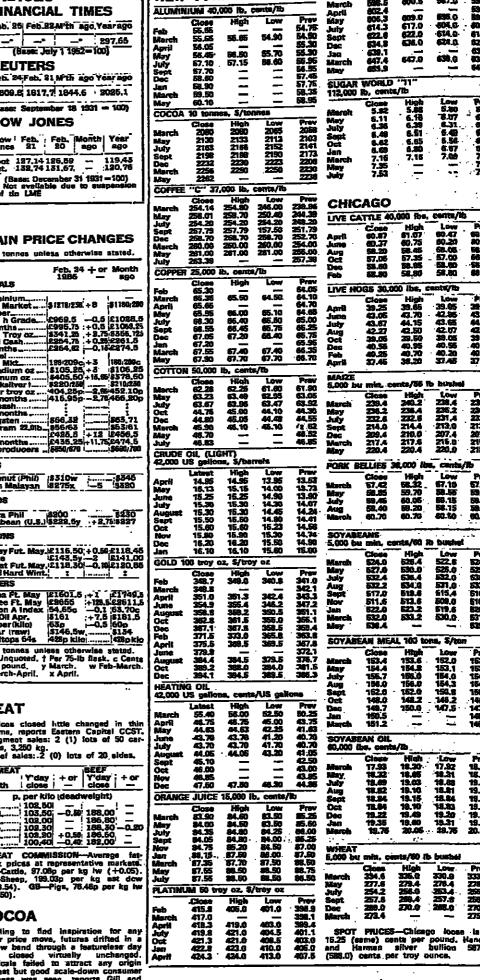
Seles: 7.718 (4,392) lots of 5 tonnes. ICO indicator prices (US cents per pound) for February 21: Comp. daily 1979 200.65 (198.33); 15-day average 189.23 (187.63). FREIGHT FUTURES

| Close | High/Low | Prev.



RUBBER

PHYSICALS—The London Market opened sharply lower, attracted little interest at these levels and closed quiet, reports Lawls and Rest. Closing prices (buyers) spot 63.00p (63.50p); April 63.25p (54.00p); May 63.75p. The Kuela Lumpur fob price (Malaysla/Skappore cents) per kg: RSS No 1 was 200.5 (203.5) and for SMR 20.203.0 (205.0).



SOYABEAN MEAL Prices traded between 50p down no unchanged throughout the day in

	close	-	Done
June	127.6-128.5 125.6-126.5 126.8-127.4 126.8-129.8 126.5-151.5 129.7-152.8	-0.65 -0.20 -0.15 +0.58 -0.50	125.5 126.5
Sales: 34	(87) lets	of 20	tonnes

GRAINS

+0.96 118.15 +0.56 -0.36 116.69 +0.58 -0.38 97.00 +0.38 -0.18 97.00 +0.38 -0.16 100.60 +0.25 -0.16 104.25 +0.55 Business done—Whest: March 115.00-4.80, May 118.55-3.25, July 119.90-9.45, Sept 98.80-8.70, Nov 102.20-2:00, Jan 105.78-5.65, Sales: 149

iots of 100 tonnes. Barley: March 113.10-2:75, May 118.50-6.00, Sept 96.90 only, New 100.60-0.45, Jan 104.54, 4.00. Sales: 96 iots of 100 tonnes.

4.00. Sales: 96 fots of 100 tonces.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent April/June 118.50 transhipment easy coase. US no 2 soft red winter Mer 116.50. Et Feb 138.50. English feed fob Feb 16.50. Mer 117.75 value, April 119.00-19.50 buyer/sellers, Mey 120.50 buyer, April/June 121.25-121.75, Sept 701.00-101.25 buyer/sellers, Oct 102.50, Oct/Dec 105.60 buyer, Jan/Mar 110.75-111.50 buyer/sellers, Oct 102.50, Oct/Dec 105.60 buyer, Jan/Mar 110.75-111.50 buyer/sellers, Oct 129.00 Barleys English feed fob Feb 176.00-115.75 116.50, Mer 117.75 value, April 119.00-buyer/sellers, Mer 117. seller, Mey-April/June 120 buyers, July/Aug 97.50-buyer/sellers, Mer 117.814 Aug 97.50 sellers, Sept 99.00-100.00 buyer/sellers, Oct/Dec 103, Jan/Mer 104 buyers. Rest unquoted.

HGCA Locational ex-farm apot prices. Feed Barley: Eastern 11130, E. Mide 113.00, Scotland 111.10. The UK monetary poefficient for the week beginning Monday March 3 (besed on HGCA calculations using four days' archange rates), is expected to remain unchanged.

SUGAR

LONDON DAILY PRICE-Raw suger \$148.50 (\$100.50), unchanged (down £1.00) a tonns for February-March delivery. White sugar \$176.00,

Sales: 880 (746) lots of 90 tonnes. Tate and Lyla delivery price for granulated basis sugar was £203.00 (£205.00) a tonns for export.

been ports.) Prices for February 21: Daily price 5.63 (5.68): 15-day everage 5.48 (5.47). PARIS—(FFr per tonne): May 1250/ 1254, Aug 1290/1296, Oct 1330/1334, Dec 1350/1374, March 1415/1429, May 1460/1480.

POTATOES

UK physical quotes 25-£10 firmer and rumours that Dutch potanoes tendered for February delivery had been rejected by the PMB resultad in London opening £1.50 higher and registering further geins of £3.00. The uncovered position for April continued to increase, encouraging speculation over a technical squeeze towards contract meturity, reports Coley and Harper.

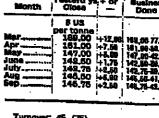
Yesterday's Previous Busines close close done **£** per tonne 96.00 91.50 98.50.81 103.80 98.70 98.50-98 78.00 77.10 78.69 86.00 86.50 186.60 108.50 98.00 186.60 Apr May ----Nov ----Feb. ----

Sales: 1,249 (588) lots of 40 tonnes. Earlies—July 95.50, +3.70, 97.00-95.00; Aug 90.00, +1.00; Sept 75.00; unchanged, Sales: 31 (15) lots of 10 tones. OIL

In thin treding Brent gained about 80c. March Srent commands a premium of 52.50 over April. On hymax April WTI opened 72c up and traded at \$1.07 up at 1.15 pm EST. Gas oil and fuel oil firmed as cold weather and limited prompt supplies firmed offer levels. Gasoline and naphthe conduned to weaken on oversupply and thin buying interest—Petroleum Argue, London.

SPOT PRICES Latest CRUDE OIL-FOB (# per barrel)-PRODUCTS—North West Europe Prompt delivery cif (5 per torne)

GAS OR FUTURES



CRUDE OIL FUTURES—Brent Blend Index. \$ a berral (Closs, change, business done): index 1456, —0.47; April 14.40-15.10; May 14.00-14.60; June 13.55-14.50; July 13.60-14.50. Tumover: 0 (0) lots of 1,000 berrels.

الأمل الأمل

PARETS

Turnover: 45 (75).

FINANCIAL

FUTURES

Dollar falls to new lows

The dollar finished near its weakest levels of the day against the D-mark, Swiss franc, and sterling on the London foreign exchange market yesterday. There were no new factors, but speculation about lower US interest rates was strengthened when the Federal Reserve intervened to add liquidity to the New York benking system, when Federal funds were trading at 77 per cent. There is also a general belief the Reagan Administration is happy to see a decline in the value of the dollar, and as long as this remains orderly the central banks will not intervene. The only doubt concerns the Japanese ven, which traded steadily yesterday, after the Japanese prime minister appeared to set a base of Y130 for the dollar/yen rate last week.

POUND SPOT-FORWARD AGAINST POUND

DOLLAR SPOT-FORWARD AGAINST DOLLAR

b 26 apread Close One reords p.z. months

1 1.855-1.8550 1.4630-1.4540 0.53-0.50c pm
land 1 1.3178-1.3250 1.3262-1.3250 1.20-0.80c pm
lead 1.35178-1.3255 1.3255-1.3355 0.51-0.54c die
lind 2.8200-2.9365 2.5510-2.5227 0.42-0.40c pm
legiom 46.75-47.05 48.80-46.30 7-10c dis
legiom 46.75-47.05 48.80-46.30 7-10c dis
legiom 46.75-47.05 2.325-2.3255 0.62-0.57g pm
legiom 46.75-47.05 1.482-1.504 0.62-0.57g pm
legiom 46.75-47.05 1.482-1.505 0.62-0.57g pm
legiom 46.75-47.05 1.48

医二磺胺二苯 海绵 海绵 克辛

You per 1,000t French fr per 10t Like per 1,000; Beig fr per 100,

EURO-CURRENCY INTEREST RATES

914-914 912-10 654-678 712-8 718-8

EXCHANGE CROSS RATES

4.25 0.51 5.56 1.87 3.77 3.89 7.56

7. Three
p.z. months
4.22 1.57-1 54pm
9.02 3.50-2.35pm
-4.54 1.28-1.33ds
1.59 1.38-1.35pm
-2.17 25-31dis
0.36 5-pm-4dis
3.12 1.33-1.35pm
-29.30 550-1200dis
-4.47 175-275dis
-4.47 175-275dis
-4.42 11-114dis
-3.31 61-64dis
1.42 9-8-dis
1.42 6-3pm
3.42 1.55-1.50pm
Forward primitums an

German Bundesbank did not intervene when the dollar was fixed at DM 2.2880. News that Japanese banks are to cut long-term prime rates to record lows, increased speculation that both the Bank of Japan and Bundesbank would soon cut their discount rates. The average German public authority sield fell to 6.02 per cent from 6.10 per cent, the lowest level since October 1978. Sterling was strong, rising to DM 3.2890 from DM 3.2355.

JAPANESE YEN—Trading

New York banking system, when Federal funds were trading at 17 per cent. There is also a general belief the Reagan Administration is happy to see a decline in the value of the dollar, and as long as this remains orderly the central banks will not intervene. The only doubt concerns the Japanese ven, which traded steadily yesterday, after the Japanese prime minister appeared to set a base of Y180 for the dollar/yen rate last week.

The dollar fell to DM 2.2820 from DM 2.3075, the lowest since May 1982; to SFr 1.9010 from SFr 1.9345, the lowest since May 1982; and FFr 7.0225 from FFr 1.9345, the lowest since May 1982; and FFr 7.0225 from FFr 1.9345, the lowest since May 1982; and FFr 7.0225 from Y182.90.

On Bank of England figures the dollar in 1985-86 is a street of the dollar fell to 118.7 from 119.2.

STERLING — Trading range against the dollar fell to by Deursche Mark for the US currency and expects. Trading was quiet, with the carist in the day the constructions of Frinklay from DM 2.3075. The pound of weak sentiment of the US currency and expects against the dollar fell to 118.7 from 119.2.

STERLING — Trading range against the dollar falling to DM 2.29 at the gainst the crisis in the 12426. Exchange rate index rose **CURRENCY MOVEMENTS**

record high

US Treasury bonds touched a record high in the London International Financial Futures Exchange yesterday. Strong demand resulted in a further squeeze on bear positions and this tended to outweigh all other considerations. Prices opened firmer after continued buying late last week out of Tokyo and with early levels still looking a little cheap, further buying developed so that the June construct touched a record high of 90-26, up from an opening level of 90-17.

Profit taking developed towards noom and early US participation looked less than confident initially on unconfirmed rumours that a Middle test of the printer to the profit of the printer to the profit of the printer to the printer to the profit of the printer to participation looked less than confident initially on unconfirmed rumours that a Middle East oil producer would cut production to push up oil prices. However, a lower resistance level of 89-29 was held and buyers soon re-emerged, helped by prospects of an early Supreme Court judgement on the Gramm-Rudman-Hollings balanced budget bill.

Gilt prices benefited from a stronger tone in bonds and early trading again saw short covering. As belyes dipped during the middle of the day so gilt values attracted profit taking but bargain hunters soon appeared at the lower levels to push values firmer. The March price finished firmer. The March price finished below the opening level of 155-10 however but was up from the day's low of 114-27 at 115-04. Euro-dollar prices were confined to a narrow range in reason-able volume. While the prospect of higher US interest rates was generally discounted, there was little enthusiasm over the possibility of an early reduction in rates despite last week's rather disappointing US economic statis-

shed up on the day, encouraged by a slight decline in cash prices. However trading was not as vola-tile as in the gilts sector and the June price closed at 88.70 up from 8.56 on Friday and an opening level of 88.65. **CURRENCY FUTURES** POUND-\$ (FOREIGN EXCHANGE) **CURRENCY RATES** IMMM—STERLING Sa per 2
Latest High Low
March 1.4585 1.4610 1.4560 1.
June 1.4445 1.4480 1.4425 1.
Sept 1.4225 1.4250 1.4250 1.
Dec 1.4250 1.4250 — 1.
LIFFE—STERLING £25,000 \$ per £

Feb 24 2 | 3 | DM YEN | FFL | SFL | HFL | Line | CJ | BFL OTHER CURRENCIES 1, 1,464 3,340 266.8 10.28 1,783 3,778 2276 2.088 68.56 0.685 1, 2,282 182.5 7,025 1,901 2,582 1555 1,386 46.85 DM 0.999 0.438 1. 79.87 3.077 0.655 1.131 681.4 0.607 20.52 YEN 2.749 5.486 19.52 1000 38.53 10.43 14.15 881.4 7.602 267.0 F Fr. 0.973 1.494 3.250 259.5 10, 2.707 3.676 2214, 1.973 66.70 8 Fr. 0.859 0.526 1.200 95.87 8.694 1, 1.358 817.9 0.729 24.64 H FL : 0.265 0.587 0.884 70.62; 2.721 0.757 1, 602.4 0.537 18.18 Lira : 0.459 0.643 1.468 117.2 4.616 1.225 1.660 1000, 0.891 30.12 C8 0.495 0.792 1.647 151.5 5.688 1.372 1.665 1182 1.53.61 B Fr. 1,459 2.135 4.872 389.1 14.99 4.059 5.511 3320 2.968 100. One Year

in quiet trading. Attention focussed on the performance of the D-mark against the US dollar. A further decline in the dollar's value could change the Bundes-

EMS EUROPEAN CURRENCY UNIT RATES Belgian Franc ...
Danish Krone ...
Germen D-mark
Franch Franc ...
Dutch Guilder...
Irleb Punt
Itelian Lira ±1.5425 ±1.6421 ±1.1455 ±1.3654 ±1.5162 ±1.6673 ±4.0656 44.8320 8.12857 2.23840 6.85402 2.52208 44,2903 7,96190 2,16316 6,64662 2,44563 0,714743 1471,61 -1,21 -1.23 -3.36 -3.17 -3.02 -1.35 -3.22 +0.58 -1.00 -0.81 -0.66 +1.00 -2.20 Changes are for Ecu, therefore posi-week currency. Adjustment calculat

STERLING INDEX

UK clearing banks base lending rate 12‡ per cent

MONEY MARKETS

125g-125g
715-715
121g-13
55g-57g
2-21g
4-1-4-6
81g-65g
14-151g

UK longer rates ease

1249-1234 778-8 1239-1278 54-679 419-414 44-4-8 124-1212 17-18

1216-1216 778-8 1116-1116 516-578 4-418 4-7-48 14-1414 1716-18

95g-97g 10 101g 61g 67g 8-81g 77g-8

12-12¹8 7-18 10¹4-11 54-579 3-1: 4-5 4-4-5 15-1514 16¹8-17

914-914 912-10 5-16-614 8-814 773-8

9-914 9-91<u>9</u> 51<u>1</u>-51<u>2</u> 81₈ 85₈ 8-81₈

Interest rates were a little easier at the longer end in London yesterday. While stering's better penformance provided some comfort, any speculation of an early reduction in clearing bank hase rates was seen by most dealers as a little premature. Uncertainty in currency markets, particularly the dollar's volatility, has made the task of assessing longer term positions a little more complicated. Three-month interbank money started at 12½-12½ per cent and eased to 12½-12½ per cent and eased to 12½-12½ per cent own from 12½-12½ per cent own from 12½-12½ per cent on Friday. Three-month eligible hank bills were bid at 11½-12½ per cent and 25m in band 2 at 12½ per cent and 25m in band 2 at 12½ per cent and 25m in band 3 at 12½ per cent.

NEW YORK RATES
Treasury Bills 2 Boads

Overnight interbank money opened at 121-121 per cent and eased to 121-122 per cent before moving up during the afternoon to a peak of 141 per cent.

The bank of England forecast a shortage of around £350m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £957m. These were partly offset by Exchequer transactions which added £340m, a fall in the ante circulation of

One Two Three Six Lombar Ovr-nig't Month Months Months Months In'vinto 4.65 4.54.5 4.54.5 4.554.604 40 4.55 612 64.811 64.811 646.614 811.615 71.16 4411 575.4 514.615 515 6 54.513 514.615 5.64575 6.96575 5.96555 5.96555 7.707 1671.1712 17.1730 16.1626 7.70 7.00 61.94 61.1679,1514.1679,1549.1679,1379.1414

MONEY RATES

bank's current stance on interest rates. While there does not appear to be any need to stimu-West Germany, a continued in-flow of funds may further exacerbate last month's rise in late economic growth levels in domestic money supply FT LONDON INTERBANK FIXING (11,00 a.m. Feb. 24) bid 77/8 The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for \$10m quoted by the merket to LONDON MONEY RATES | 121g-141g | 225g-125g | 125g-121g | 125g-125g | 12-121g | 11-121g | 11-121

Treasury Bills (sell): one-month 12½ per cent: three-months 11½ per cent. Bank Bills (sell): one-month 12½ per cent; three-months 11½ per cent. Treasury Bills: Average tender rate at discount 12.030 per cent. ECGD fixed finance Scheme 19 reference date January 8 to February 4 (inclusive): 13.077 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rates 12½ per cent from February 1 1985. Bank Deposits Rate for sums at seven days' notice 8-8½ per cent. Certificates of Tax Deposits (Series 6). Deposits £100,000 and over beld under one month 12½ per cent; one-three months 12½ per cent; threa-sex months 12½ per cent. Lix-sine promise 12½ per cent; nie-12 months 12½ per cent. Under £100,000 11½ per cent from February 19. Deposits beld under Series 5 12½ per cent. Deposits withdrawn for cash 7½ per cent.

CHICAGO 20.YEAR 12% NOTIONAL GILT 250,000 32nds of 100% E50,000 32nds of 100%

Ciose High Low Prev

Merch 114-10 115-02 114-00 112-25

June 115-04 115-18 114-27 114-08

Sept 115-12 — 114-18

Estimated volume 5,781 (5,068)

Previous day's open int 8,068 (7,548)

Brails quote (clean cast) price of 13%

Tressury 2004-08 less equivalent price of 198 (32nds)

(32nds) **US** bonds at THREE-MONTH EURODOLLAR Sim points of 100% Close 92.67 92.17 92.06 91.86 91.64 91.42 91.02 Low 89-28 88-30 88-35 87-13 88-27 88-07 85-06 85-14 85-14 LIFTE-EURODOLLAR OPTIONS \$1m points of 100% Puta-Last June 0.00 0.03 0.01 0.05 0.17 0.44 0.85

Badgers Set Send this advertisement attached to your company letterhead for a free design incorporating your logo.

Key Rings • Cuff Links • Enamel Badges • Paperweights • Medals Manufactured by Manhattan-Windsor 🔷 STEWARD ST., BIRMINGHAM, B18 7AF, ENGLAND. TELEX: 338633 USA Address: Manhattan-Windsor PO Box 92791 Nilwaukee, WI 53202 Contractors to H. M. Government. Company Notices

CITY OF OSLO 1974/1992

81% UA 12.000.000
On February 11, 1986, Bonds for the amount of UA 800.000 have been drawn for redemption in the presence of a Notary Public be redeemable on and after April following stached on and after April 198.

The drawn Bonds are those, NOT YET PREVIOUSLY REDESMED, included in the range beginning:

at 91580 us to 10480 kmd.000.

Amount outstanding: UA 5.400.000.

Chastianding drawn Bonds.

at 91580 us to 10480 kmd.000.

Amount outstanding: UA 5.400.000.

Chastianding drawn Bonds.

at 91580 us to 10480 kmd.000.

Amount outstanding: UA 5.400.000.

Chastianding drawn Bonds.

at 91580 us to 10480 kmd.000.

The Fiscola 2558 us displayed and 8688 8921, 8933, 9008

and 9007, 9574 and 9575, 1986 The price you pay for thus approving portfolio efficiency, alass that there is more for you to re-Continental money managers admir-this research. One of Europe's large insurance companies explains why: Personal "Not only are you one of the few investment analysts with a global perspective, but you also demonstrate an uncanny obility to pick winners." A MEMORIAL SERVICE will be held for Mr Brian Lawrence This unique monthly newsletter is now available to FT subscribers. \$400 per year. Binder and index. To order or request more inform The Outside Analyst Johannes Vermeerstraat 18a NL-1071 DR Amsterdam Art Galleries or telephone 31-23-247038 Clubs

E WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on February 24, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bs:) basic rate; (bg) buying rate; (Bk) bankers' rates; (cn) commercial rate; (ch) convertible rate; (fn) financial rate (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF 2 STERLING	COUNTRY	OURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF
Afghanistan	Afghani	99,00	ł 			ł _		
Albania	LeK	10.19	Greenland	Danish Kroner	18,5450	Peru,	inti	exe(A120,38(16)
			Guadaloupa	t, Caribonari e Local Franc	3.46 10,2775	PRESIDENT STREET	FRAIDPING PERO	32,20
Andorra	Rosnich Pasets	210.60	Guam	U.S. S	1.4050	Pitoairn Islanda	New Zealand S	2.7815
Angola	Kwanza.	49.6795	Gustomala	Quetzai	1,4635			
Antigua	E. Carlobean \$	3,48 1,1701	Guinea	Franc	496,40 (19)	Poland	Zioty	289,18
Argentina	Austral	1,1701	GUYARA	PESO Grandes S	248,90 5,8400	Portment	BackromeneFeerske	218.50
Aruba	florin	2.63 (18)		Oujeste v		Portugal Puerto Rico	U.S. S	1.4635
Australia	Lustralian \$	2,0740 23.49	Haiti Hondurks Hong Kong	Gourcia	7.30 2.94	ł		
Azores	Schilling Bortuge'ee Yeerdo	218.50	Hord Kond	H.K. S	11,4060	Getar	Catari Ryai	5,3165
Bahamas	Sa. Dollar	1.4635				Reunion Island	Crosch Forms	10,8775
Bahrain	Dinar	0,8805	Hungary	Forint	65,5102	1	CI WIGHT PI MIG	(Cm) 5,61
Balearic Isles S Bangladesh	ipa Peseta	210.60 43.79	losiend	1. Kenna	60,8800	Romania	Leu	(NIC) 16.69
Barbados E	Razhedos S	9 0345	india	Ind. Rupee	17.82	-	B	129.07
Belgium		(cm) 68.65 (fn) 69.66	Indonesia	Ruplah	1,646,88 117,00(ag)	Rwanda		
		(fn) 69.56	1180	[[변화] (117.00(sg) 0.4515	St. Christopher	E. Caribbean 5	3,46
Beliza	B	2,92 515.58	trich Benubile	iragi Dinar ·	1.1065	St. Helena,	Fact Carriboan S	1.0 3.46
Benin	i.r.a. rrano	1.4635		Sheke)	2,1600 (17)	St. Lucia	Local Franc	10.2775
Bhutan	deritriin	17,82	tralytvory Coast	Litra	2,275,75	St. Vincent	E. Caribbean #	3.46
Bolivia		(e) 2657420,0	Wory Coast	C.F.A. Franc	513,88	Samos American	U.S. 8	1,4655 2,275,78
DOILANG "" " " " " I		2.4375	JamaicaJapanJordan	Jamaice Doller	6,1450(eg)	San Marino Sao Tome & Prin	Cohra	58,14
Botswans		19,648,6 1,4635		Yen	266.75 0.6190	1		
Reit. Virgin Isles	LS. S	1,4635			0,0190	Saudi Arabia	Saudi Ryal	5,3368
			Kampuchea Kanya Kiribati Korea (Ath)	litel	N/A	Saudi Arabia Senegal Seyonelles	C.F.A. France	513,88 9,04
Brunei	Brunel \$	3.1350 1.4025	Kenya	Kenya Shilling	23.1B	Sierra Lec.ie	a. Rupes	ACA 7 98KA
Burking Feso	C.F.A. France	513.88	Kiribati	Australian 5	2.0740 1,37	Singapore	Singapore \$	3.1350
Burma i Burundi	Kyat	11.0800	Korea (Sth)	Won	1 284 80	Sierra Lec. de	Solomon Is. 5	2.5959
Burundi	Burundi Franc	154,25	Korea (Sth) Kuwait	Kawaiti Dinar	0,4148	Somali Republic	Someil Shilling	53,44 2.9135
2	* F & France	513.88	l .			Spain	rezou Donoto	210.60
Canada	Canadian S	2.0278	Lacs,		51,10 30,62	Spanish ports in		_
Canary Islands 8	Spenish Pesets	210.60	Lebenon	rocenski v	20.02 2.0138	North Africa	Peneta.	210,60
Cape Verde la	Cape V. Escudo	130.33	Liberia	Liberian \$	1.4635	SR LARKA	S. L. Rupse	40.21 3.66
Cameroon Canada Canada Sanay Islands Sanay Islands Cape Yerde Is Cayman Islands Canada	Cay. 15 5 C.F.A. Franc	1,9190 513.88	Libera Libera Libya	Libyen Dinar	0.4325	Surfaem	S. Guilder	2.61
Chad	.F.A. Franc	613.88 871.04	Frice usporta	SWIES FIRING	2,7825 68,55	Swaziland	Lilangeni	2.9138
Chile	Chilean Peso	871.04		DUN CIMITO	40,40	Switzerland	S. Krona	10.6525 2.7825
China f	Renminbi Yuan	4.6413 (F.855.07	Macao	Patena	11.84			((A) (T) 8.0
Comoro islands (1.F.A. Franc	513.88	Madeira,	Portuguese Escudo	218,50	Syria	aynan 2	(A) (T) 8.0 (DM) 5.75
Congo (Brazaville). (LF.A. Franc	515.88	Malagasy Republic	MG Franc	777.50 2.4850	Talwan	New Yalwan F .	57.17 93.20 37.93
		(U) 78.77	Malaysia	KWZCNZ Cianait	3,6170	Trazenia Thalland Togo Republic	Tan. Shilling	23,20
Cuba C	Suban Peso	1,9815 0,7490				Togo Papublic	CEA Franc	513.88
CAbura C	Syprus &	((com) 9,10	Maidive Islands		10,22	Tonga istands	Pa'anga	2.0740
Czachosłovakia I	Cortina	n/c 15.84 15.40	Maidive Islands Meli Republic Melta	G.F.A. Franc Maltaca i ira	513,88 0,5850	Tonga islands Trinidad	Trinicad & Tob #	5.96
		(15,40	Martinique	Lacal Franc	10.2776	Tunisla	Tunislan Dinar	1,0470(eq)
Denmark I Djibouti I Dominica I	Jenish Kroner	12.3450 254.0	Martinique Mauritania Mauritius	Ougulya	112.42	Turkey Turks & Calcos	Turkup (Jr# 1) S. S	863,95 1,4635
Dominica	Jibouti Francis. E. Caribbean S	3,46	Mauritius	M. Rupse	19,83 (F)691,0	Tuvelu	Australian \$	2,074 /
Dominican Repub.		4,00(7)	Mexico	Maxiçan Peso	(0)620.79			0.105.0
CONTRINCENT VORUME Y	Zeniningen Page		Miquelon	Local Franc	10.2775	Uganda	ABSUCE PURING	2,125,0
Equador	Rucre	((c) 159.78 7(F) 197,44	Mannan	Eranch Franc	10,2775	United States,	U.S. Dollar	1,4535
Egypt, 5		f (e) 1.2120	Mongoila	rurgnk E. Caribbaan E	4,90 3,46	Uruguay Utd.Arab Emirates	Uruguay Peso	199.50
		l (n) 1,9100	Morocco	Dirham	15.20 (en)	U.S.S.R	vole. Vittimi Roubie	5,3683 1,0523
El Salvador C	Colon	7,8127	Mozambique	Metical	(A) 60,37			
Equatorial Guinea, C	.F.A. France	513.88	Mamilla I	E A Sand	2,9158	Venuetu	Vatu	144,60
Ethiopia	thiopian Birr	3.0200	Neuru	Austalian Dollar	2.0740	VAICAN,	Maines Cira	2,975.75 (4) 6,98 (6) 10.66
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France	French Franc	10.2775	Micaragua	Cordoba	(C)40.98 513,88	Victnam	U.S. Dollar	1,4635
French C'ty in Af C	LF.A. Franc	513.88 10,2775	Niger Republic	C.F.J. Franc	513,88 1,411299(sg	Western Samos	Samoon Tala	(A) 3_2595
French Pacific Is C	Aver Franci 1.F.P. Franc	180.0	Norway	Norwegian Krene	10.4650	mostern denning		
French Pacific Is. C Gabon	J.F.A. France	513.8B	Oman Sul'ate of	Rial Omani	0.5615	Yemen (Nth)	Ryal	(A) 10.22(sg)
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Gibraltar	SIDIAHA A	206.44			1272.22.27			

‡ Rats is the transfer market (controlled). ‡‡ Now one official rate. (1)Essential goods. (2) Preferential rate for priority imports a (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, ramitisance of money travel. (7) Parallel rate. (9) Bankotte rates. (10) Rate for exports. (14) Manity et le business transactions. (15) Visiness—I new dong equi (16) Parti—I not equals 1,000 sets. (17) Israel:—I new shokel equals 1,000 old shakots. (18) Aruba florin:—new currency introduced Jans Charles (16) Preference architecture of the preference of the pref

44 British funds I Americans—Cont.	Financial Times Tuesday February 25 1986 ENGINEERING Continued INDUSTRIALS CONTINUED IN
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RECENT ISSUES

Account Dealing Dates

Option •First Declara- Last Account Dealings tions Dealings Day
Feb 10 Feb 20 Feb 21 Mar 3
Feb 24 Mar 6 Mar 7 Mar 17
Mar 19 Mar 26 Mar 27 Apr 7
"New-time" dealings may take

Share prices powered ahead amid another heavy business volume to close at record levels again in London yesterday. The first session of a new trading Account brought sustained insti-Account brought sustained insti-tutional support of numerous blue chips and, with American investors showing renewed enthusiasm for favourite stocks, the main indices settled at closing peaks. For the eighth time in nine consecutive sessions, the FT Ordinary share index supposed its previous

sessions, the FT Ordinary share index surpassed its previous best-ever level to close with another sharp gain of 19.2 to 1275.2. The FT-SE 100 share soared 15 to 1533.0.

Optimistic forecasts from both the Confederation of British Industry and the London Business School of a sustained recovery in UK output, partly because of lower oil prices, were the major stimulants. Widespread expectations of US interest rate cuts and the strength of Wall Street on Friday were other factors contributing to the ebullient mood. Such was the force of the demand from the UK institutions, any sizeable seller of stock was accommodated without slowing the price advance. Late

stock was accommodated without slowing the price advance. Late in the day, some leading stocks prominent in the recent upsurge turned back from the highest. The profits on these sales were immediately re-invested in other top-quality industrials so the

Gilt-edged bonds went into overdrive, too. and the FT Government Securities index rose 0.68 to 84.52. Sterling's resumed improvement against the dollar, interest rate hopes and the continued lack of official funding touched off widespread buying of short and longer-dated Gilts. After opening sharply better, prices rose further on domestic and overseas interest before. Rises of around 1½ points were pared to a point but after the 3.30 pm close the tone picked up again to leave selected longs

Sustained demand leads to powerful advance in shares and bonds

report preliminary results on Friday, sustained a fall of 18 at 470p, after 468p. NatWest lost 19 at 688p and Barclays relinquished 15 at 463p. Midland, recently the subject of Standard Chartered merger rumours, dropped to 460p before rallying to finish only 5 lower on balance at 470p. Elsewhere, the prospect to finish only 5 lower on balance at 470p. Elsewhere, the prospect of cheaper money helped Discount Houses make useful progress. Clive, additionally aided by revived talk of an imminent bid from Prudential-Bache Securities of New York, advanced 4 to 44p. Cater Allen put on 15 at 495p and Gerrard and National gained 24 at 312p. Merchant Banks attracted selective support with Kleinwort Benson notable for a rise of 25 at 705p. Mercury Securities, in which Mr Saul Steinberg of the US holds an 11 per cent stake, added 20 at 810p. First National Finance Corporation continued firmly in Hire Purchases, closing a further 10 higher at 194p, after 197p, as bid talk persisted.

Computer softwear group PFL Computer softwear group PPL staged a highly successful market debut; the shares, placed at 145p, opened at 170p and touched 177p prior to closing at

recently reflecting poor figures from its South African sub-sidiary, attracted revived institop-quality industrials so the market was able to maintain its forward momentum.

The only dull area was the banking sector. A revival of Mexican debt worries and the possibility of a financial services tax aroused nervous selling which took a toll on the main clearers. NatWest's decision to scrap the extra interest charges on endowment and pension mortgages also unsettled sentiment triggering thoughts of a home loans war.

Gilt-edged bonds went into overdrive, too, and the FT

sidiary, attracted revived institutional demand and moved up 16 to 583p. Cement Roadstone rose 7 to 104p on Irish currency influences, while RMC hardened 4 more to 532p. Contracting and Construction issues were which gained 16 to 352p in reply to the good annual results and confident statement. Press suggestions that the company is close to announcing a major deal stimulated fresh demand for Thomson T-Line Caravans which rose 17 to 163p.

Engineering sector attracted a considerable amount of interest. Vickers featured a rise of 35 at

<u> </u>	Feb. 24	Feb B1	Feb.	Feb. 19	Feb. 18	Feb.	age Year
Government Socs	84,82	84,14	83,73	84,00	83.62	83.00	79.52
Fixed Interest	89,38	88,96	88,96	88,93	88,58	88.06	82,98
Ordinary *	1275,2	1256,0	1235,2	1235,1	1234,3	1220,7	958,0
Gold Mines	332,1	332-7	324.B	326,3	317.6	320,4	441,4
Ord. Div. Yield	4,09	4,16	4,85	4,22	4.23.	4,28	4,46
Eernings, Yid. %(full)	9,82	9,98	10,19	10.19	10,21	10,52	11,14
P/E Ratio (net) (*)	12,70	12,49	12,24	12,24	12,21	12,06.	10.76
Total bargains (Est.	28,025	38,478	35,250	30,406	34,986	34,520	27,241
Equity turnover £m.		873,88	947,34	982,34	1217,56	804,49	299,91
Equity bargains	_	37,968	35,994	40,061	37,031	39,689	22,871
Shares traded (mi)	_	292.5	388.6	438,7	488.4	410,2	176,7

♥ 10 am 1261.0. 11 am 1283.4. Noon 1267 S: pm 1275.2. 4 pm 1275.1. Day's High 127 100 Government Sacuriusa 15/10/25. Fixed Gold Mines 12/9/55. SE Activity 1974. Lates:	75.8, Day's Low 1258.1. Besis interest 1928, Ordinary 1/7/35,
HIGHS AND LOWS	S.E. ACTIVITY
	

	1985/86 Since Compilat		Since Compliatin		INDICES	Feb. 21	Feb 20
-	High	Low	High	Low	Daily		
Govt. Secs. Fixed int Ordinary Gold Mines	(24/2/86) .90,98 (25/10/86) 1275,2 (24/2/86) 536,9	(28; 1/85) 911,0 (26/7/85) 217.6	150,4 (28/11/47) 1275,2 (24/2/88) 734,7	49.18 (8/1/75) 50.55 (8/1/75) 49.4	Gitt Edged Bargains Equities Bargains Value Value Gitt Edged Bargains Bargains Bargains Value Value Value	246.0 1766.3 163.5	233.2 1,914.8 159.9

News of the boardroom changes enlivened interest in Rock which touched 30p before settling 5 to S. & W. Berisford gained 12 to 168p in response to the better-than-expected annual profits and maintained dividend. but Cad-bury Schweppes encountered US

4 to 1860 in the wake of a put-through of some 3m shares. Among Food Retailers, renewed demand lifted Tesco 7 more to 340p. while Kwik Save firmed 4 to 244p.

Buying in front of today's anual results lifted Mount Charlotte 61 to 99p.

Pilkington feature

Selective demand was forthnoon. Rise of around 1½ points on news that Prudential Assurwere pared to a point but after
the 3.30 pm close the tone picked
up again to leave selected longs
with gains stretching to 1½
points. The shorts closed 1½ up,
while index-linked issues put on
½ more.

Selective definind was forthmiscellaneous
industrial leaders. Pilkington
Bros featured a rise of 25 at
expected results from Vickers
425p amid a revival of takeover
and favourable forecasts for
manufacuring industry, the
Engineering sector attracted a
Engineering sector attracted a
Beecham were also the subject
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Beecham were also the subject
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Engineering sector attracted a
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favourable forecasts f Clearers weak

The major clearing banks took a distinct turn for the worse as nervous selling on consideration of the Mexican debt situation took its toll ahead of the forthcoming dividend season. Lloyds, fairly heavy exposed to Latin American debt and the first to

panied by reports of a put through left Pearson 15 higher at 478p, after 493p. Dwek advanced 14 to 61p on the company's statement regarding a possible major acquisition and Alexander Russell rose 16 to 130p on the announcement that RMC has a 9.66 per cent stake in RMC has a 9.66 per cent stake in the company. Press mention left English China Clays 14 to the good at 327p xd, while a newsletter recommendation prompted a gain of 13 to 148p in Keep. Comment on the Thorn EMI deal left Myson 13 to the good at 99p ex rights. Stainless Metalcraft, reflecting acquisition news, improved 15 to 157p, while speculative activity lifted Redfearn 14 to 148p and SI Group 10 to 33p.

Clayhite had increased its stake in the company to nearly 26 per cent. Fairline Boats, a strong market of late on takeover hopes, market of late on takeover hopes, climbed 6 more to 186p following Press comment; while USM quoted Rex Williams gained 4 to 27½p for the same reason. Newspaper comment also helped Scottish TV jump 18 to 268p in a restricted market.

Lucas Industries advanced 15 more to 620p amid substantial institutional support; the shares have risen from 588n since the

have risen from 5480 since the signing of the Saudi Arabian defence deal last week. Dowty, also a beneficiary of the deal, rose 61 to 192p xd. Aerospace Engineering rose 11 to 66p following Press comment, while Armstrong Equipment hardened 3½ more to 98½p. Distributors provided some noteworthy move-ments with Caffyns, also the sub-ject of a favourable mention, up

YESTERDAY'S

ACTIVE STOCKS

10 at 180p. Elsewhere, profit-faking clipped 10 from Jaguar at 480p, while a newsletter "sell" recommendation left Reliant Motor 4 cheaper at 27p.

Motor 4 cheaper at 27p.

Among Publishers, Associated Newspapers were quoted 10; higher at 273p ex the 3-for-1 scrip issue. United Newspapers, annual results expected next month rallied 5 to 325p, while fresh suport was noted for Home Counties, 15 up at 143p. Paper/Printings improved under the lead of DRG which responded to revived bid speculation and rose 8 to a 1985/88 peak of 253p. Barham put on 7 to 160p. Among advertising issues, Saatchi and Saatchi improved 23\(\frac{1}{2}\) to 870p xd; the company's subsidiary Dorland has announced the proposed purchase of US agency Dancer chase of US agency Dancer Fitzgerald Sample.

Leading Properties, particularly firm last week on takeover speculation, turned easier in the absence of any developments. MEPC, the subject of strong bid rumours recenly, came back 10 to 370p, while Land Securities silpped 5 to 326p. Elsewhere, Samuel Properties attracted buyers following property acquisibuyers following property acquisi-tion news and rose 6 to 176, while Wates City of London conwhere, estate agents mann at co-attracted revived buying interest and gained 21½ to 270p xd. Country Gentlemen's Association jumped 250 to 800p follow-ing and offer for the company

Shippers contributed to the

from Bestwood.

rise of 16 at 350p.

Vantona Viyella, 14 higher at 446p, responded to Press comment on the Thorn EMI deal left Myson 13 to the good at 99p ex rights. Stainless Metalcraft, reflecting acquisition news, improved 15 to 157p, while speculative activity lifted Redfearn 14 to 148p and SI Group 10 to 33p.

Photax (Lendon) highlighted the Leisure sector, rising 10 to 73p on the announcement that Clayhite had increased its stake

Consideration of the merger proposed between merchant bankers Morgan Grenfell and Exco International lifted the latter 11 to a 1985-88 high of 245p. Willis Faber, the Lloyds broker which controls a 23 per cent in Morgan Grenfell, advanced 12 to 432p, after 447p. Sympathetic gains were noted for MAI, 10 up at 365p, and International City, another 4 higher at 198p. Elsewhere in Financials, fresh speculative support lifted Exlands 5 to 24p.

Oils gain ground

FRIDAY'S

ACTIVE STOCKS

The oil sector took Friday's rally a stage further. Persistent buying interest was evident from the outset and the leaders generally closed at or around the day's best levels, helped by the rally in North Sea oil prices.

BP, quoted ex-dividend, rose 12 to 530p, while Shell moved up 15 to 688p. Britoil advanced 9 to

respond to takeover speculation and settled 8 to the good at 316p.

Rustenburg advance

OFSIL attracted sustained buying tion news and rose b to 176, burg and the US and improved while Wates City of London continued firmly at 140p, up 5. Elsewhere, estate agents Mann & Co attracted revived buying interest eased 0.6 to 332.i. UK-domiciled and gained 21½ to 270p xd. Country Gentlemen's Association jumped 250 to 800p following and offer for the company from Restwood. past three trading sessions.

Firm metal prices, another good showing by overnight markets in Sydney and Melthe sharply increased interim profits and dividend.

tion ment

182p, LASMO 9 to 158p, Tricentrol 7 to 132p and Enterprise Oil 4 to 134p. Burmah continued to

Mining markets provided numerous firm features. The latest upsurge in Platinum prices to easily their best levels this year prompted substantial buying of Rustenburg Platinum which jumped 45 to 730p. impala, recently beset by labour problems, managed a minor improvement at 650p, up 4 on the day, while Lydenburg rose 10 to 540p, ex dividend. Gold shares were restrained by the firmness of sterling against the dollar and generally closed with modest changes in either direction, despite a firmer bullion price. The latter was finally a net \$2.75 better at \$341.25 an ounce, after

Shippers contributed to the buoyant trend. P & O Deferred advanced 13 to 493p as investors showed an increased interest ahead of the preliminary results scheduled for next month. British and Commonwealth reflected Press comment with a rise of 16 at 350p.

Vantona Viyella, 14 higher at 446p, responded to Press com-

TRADITIONAL OPTIONS Feb 17 Feb 28 May 29 June 9 Mar 3 Mar 14 June 12 June 23 Mar 17 Apr 4 June 26 July

For rate indications see end of

H. Balley, Five Oaks Invest-ments, Ransome Sims and Jef-feries, Arthur Lee, Bradstock, Dwek, Bejam, Exco Interna-tional, Thorn EMI, Amstrad and Norfolk Capital. No puts were reported, but a double was taken out in Brengreen.

EQUITIES

Otherwise idle Plantations featured Grand Central which rose 31 to 33p following weekend

The completion of the merger of the Anglo American Corporation's gold mines in the Orange Free State brought about the market debuts of OFSIL and Freegeld. Freegeld were a steady market throughout the day and closed at 875p, but OFSIL attracted sustained buying

Last Last For Deal- Declara- Settle-

Unit Trust Service Money was given for the call of Pritchard Services, STC, Premier Oil, Raine Engineering, Celtic Haven, Kwik-Fit, Petranel, Charterhall, Mercantile House, Regenterest, Armstrong Equipment, Hanson Trust, Cannon Street Investments, Sears, Polly Peck, BSG International, Sycamore, F. H. Lloyd, Egilnton Oil and Gas, Brown and Jackson, C. H. Balley, Flye Oaks Invest-

RS.0: 4.7 2.0 15. FIXED INTEREST STOCKS

Issue price £	nount id trp	atent nuno. date	198	5/6	Stock	Mosing Srice &	.
97,203 54 598,287 199,745 II 98,977 100	£26 F.P. £28 £26 Niii F.P. £40 £25 F.P.	27/3 10/3 30/5 26/2 27/3 28/2	274 106 93 27 31 Sppm 108 1014 1004 5ppm 424 27	201 104 91 251 253 19ppn 103 993 1001 5ppn 36 251 92	Allied Lon.Props. 1823 IstMort.Deb. 2028 Anglo-Nordio 1132 Cm. Pf	91 97 31 10ppr 105 4 1004 1004 5ppm 425 27 98	+ + + + + + + + + + + + + + + + + + + +

RIGHTS OFFERS

teeue		Latest Renunc. date	198	5/6	Stock	Closing	+
price	A P	Care	High	Law	 		<u>!_</u>
82 100 765 0m500 236 R 10 207 207 207 380,25 94 216 11200 36 115 140 60	F.P. Nil F.P. Nil	7/3 21/3 13/3 13/3 	100 123 830 45pm 303 15pm 245 76pm 762pm 16pm 73pm 87 42 84pm 34pm 34pm	273 15pπ 216 20pπ 50pm 782pm 12pm 68 38 15pm 28pm	Bo, t	90 117 190 20pm 303 15pm 245 37pm 762pm 762pm 782pm 87 38pm 54pm 54pm	+1 +4 +4

estimates. Indicated dividends: cover relates to previous dividend; p. based on latest annual samings. It Forecast, or estimated assualised of rate, cover based on previous year's earnings. I itsued by bander, bolders of ordinary shares as a "rights." * Issued by way of capital straing price. Straintowed, "I issued to connection with recognized marger or takeover. M Allotment price. % United securides market." in under Rule 335 (3). * Dask in under Rule 335 (4) (a). * If Unite control the preference and one warrant. † Unite comprising or ordinary and one 6.5 per cent Cnv.Red.Pri.

NEW HIGHS AND LOWS FOR 1985/6 NEW HIGHS (320)

NEW LOWS (20)

RISES AND FALLS

39 826 276 32 5 43 57

FT-ACTUARIES SHARE INDICES These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY & SUB-S				•	đọn F	eb	24 1	986	. ·	Feb 21	Ther Feb 20	Wed Feb 19	(abhur) ago Aear	
F	igures in parentia stocks pr			of lad		/s Yie		Gross Div. Yield% (ACT at 30%)	Est. P/E Patio (Net)	zd adj. 1986 to date	ladex No.	tedex No.	index No.	intex No.	
1	CAPITAL COST			672			A7	3.44	14.83	1.37					١
2	Building Materia	出(24)		716 102			27	3.82 4.14	13.52	0.50 2.30					۱
4	Contracting, Con Electricals (13).		(Z/)	1837			.98	413	14.87 16.34	1.50			,	696.41 1478.18	l
3	Electronics (36)			167			75	2,74	15.02	6.02					ı
6	Mechanical Eng		64)	373		_ , ~	47	3.97	12.56	0.64	361.50				I
8	Metals and Meta	d Forming	(7)	303			26	5.46	16.80	0.00		289.27	290.18	179.05	ı
9	Motors (18)			274			72	3.35	13.95	0.34					Į
10 21	Other Industrial COMSUMER CA			1202 850			.99 .96	2.99 3.29	18.95 15.78	2.35 2.67				887.91 616.33	Į
22	Brewers and Dis			841			39	3.68	13.57	4.04				553.08	Į
25	Food Manufactu			606			96	419	12.98	L				203.44	I
26	Food Retailing (1829			56	254	20.73	5.78	1803.41	1774.27	1774.45		ı
27	Health and Hous	enold Pro	ducts (10				.09	2.15	23.05	825			1403.03		Ì
29 32	Leisure (25) Publishing & Pri		·	369 2106			6	3.98 4.32	17.25	9.39				675.38	ŀ
33	Packaging and P			422			18	3.77	15.72 14.53	2.36 8.89			2967.67 438.66	302.08	ı
34	Stores (43)			_ ans			66	2.69	20.30	1.06				537.05	ı
35	Textiles (3.6)			462		3 10	.61	3.77	10.69	8.25	452.20	449.17	451.70	329.17	ı
36	Tobaccos (3)	H		1050			57 [4.74	9.17	0.00				893.84	ı
41	OTHER SROUP			772			89	3.82	14.75	1.50		744.45		662.35	ı
42	Chemicals (19)			881 251			34 46	4.39 4.81	11.66	232 381	855.41 256.61			828.30	ŀ
44 45	Office Equipment Shipping and Tra	E (4)	<i>2</i> 1	1521			73	3.81	18.42	8.00		255.97 1478.69	255.05 1481.28	175.51 2082.61	l
47	Telephone Netw	orks (2)		887			29	3.70	14.77	8.93	874.69	868.62		760.44	ı
48	Miscellaneous (4		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	976	.77 +1	7 6	.98	3.48	17.51	1.68	960.63	927.66	921.55	829.87	ı
49	INDUSTRIAL D	ROUP(4	2)	793	.99 +1.	5 8	31	3.45	15.28	1.76	782.31	769.76	770.02	614.01	ı
51	0ii & Gas (18)			1107	.E3. +8.	5 19	.69	8,19	5.98	21.65	1102.78	1993.63	1096.95	1221.66	ļ
59	500 SHARE IND	EX(500)		822		4 9	50 [3.95	13.15	3.38	811.04	798.68	799.I8	664.51	ı
61	FINANCIAL GR	OUP(314	J)	556			- 1	4.35	- 7	0.28	558.05	550.79	547.71	437.24	1
62	Banks (7)	/2)		- 544				5.75	B.33	0.00	557.37	550.85	542.58	449.97	l
45	Insurance (Life)		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	803 452			- 1	421 434	-	6.90 6.00	806.59 449.78	801.88	808.59	594.45	Į
66 67	Insurance (Broke			1278			62	135	20.16	8.95	1272.20	445.86 1263.75	440.52 1276.43	303.16	ì
68	Merchant Banks	(11)		326		ĭ =	-1	3.20		0.86	319.60	317.03	114.6	233.03	ł
69	Property (51)	,		740			36	3.34	24.93	- 8.69	742.66	720.61	720.76	613.65	ļ
70	Other Financial (330			32	<u>4.65</u>	16.40	0.98	324.61	321.07	315.57	285.94	l
71	Investment Trust			690			<u>-</u> _	3.13	===1	1.90	683.38	680.29	682.16	626.66	۱
81	Mining Finance (Overseas Traders			275 667				5.63 6.26	9.60 9.13	9.00 7.85	269.74 670,74	264.18	258.09	287.61	ı
<u>91</u> 99	ALL-SHARE IN		<u>}</u>	745			""	4.01		2.56	737.54	659.62 726.85	651.75 726.46	652.18 606.89	ı
77	Party State of the		,	Inde			y's	Day's			_				Į
	ľ			- No			ich I	Low	Feb 21	Feb 20	Feb . 19	Feb 1B	Feb 1	Year ago	ı
	FT-SE 100 SHA	RE INDE	X &		10 +15.								14753	1250 4	1
_							<u> </u>								1
	FI	KED	INTE	REST	•			AYER REBE	AGE GRE MPTION	HES YIELDS		Hos Feb 24	Feb 21	Year ago (approx.)	l
		-	F	6.2		1	⇈	Beith	à Corez	ment		- +			ŀ
	PRICE	Silce: Feb	Day's	Fri Feb	nd adj.	제 24.	1	Low	5	years		9.49	9.60	11.26	ł
	HUDICES	24	chasge	21	teday	1986 to date	2	Coupo		YEATS		9.83	9.96	10.98	Į
		 -	-~				1 3	Mediu	_ 25	years		9.83 10.77	3.97 18.96	10.47 22.12	ĺ
_	Drittish Government	1,,,,,,	أمميل	***	1 .		1 3) (1255 (1255		10.21	16.33	11.39	ı
1	5 year	31954		119.65		1.45	1 6	1	~ ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~			9.94	10.04	10.78	ı
	5-15 years	133.66	1	132.48	9.00	213	1 7		- 5	years		10.90	11.09	12.21	I
3	Over 15 years	140.58	1	139.36	—	2.67	8	Compos				18.39	10.52	11.58	۱
4	irredeemables	155.16	ı · — ı	154,52	1.28	1.28] 10	الم	25 1986:	years	····-	10.86 9.72	10.18 9.83	18.91	۱
5	All stocks	133.55	+0.74	130.57	0.03	1.96	├~		- Linked - Linked		 ' -	246	- 740 (10.30	ı
								7 10000							

-7	5 years Over 5 years	108.93 119.01		108.56 109.47	_	0.81 0.71	12 inflar's rate 5% . Over 5 yrs 3.72 3.75	10 10
- 1	All stocks	209-87	+0.46		-	0.73	'I IA (milata pare 10%) Deser Sers. 3,555 3,556 d	u
9	ـ عدم اِ عصليدارا	114.16	+1.94		0.93	1.23	16 Leans 15 years 11.18 11.42 12 17 25 years 18.96 11.21 12	36
	Preference	79.60	-0.10	80.02	0,34	1.67	18 Preference # 12.18 12.12 13.	06
	Opening index 1524.	&; 10 am	1525.0; 1	1 anı 152	1.7; Neca	1529.7; 1	1 pm 1531.0; 2 pm 1532.8; 3 pm 1533.8; 3.30 pm 1532.3; 4 pm 1532	8.
† F	lat yield. Highs and	lows rec	ord, base	dzies, va	lues and o	constitue	ent changes are published in Saturday issues. A new list of constitut	

Closing price 237: 380xd 530xd 258 £107: 939 148 478 425 26 157 405 Dsy'l change +42 +26 +5 +7 +16 +10 +13 +39 +11 +18 -3 Day's change - 3½ + 12½ + 10 04 + 13 + 15 + 25 + 35 Fri. close 380 358 234 £104 269 439 190 230 495 370 45 29 28 28 24 24 23 22 22 21 21 **EUROPEAN OPTIONS EXCHANGE** \$340 \$360 \$360 \$400 \$290 \$300 \$320 \$340 16,50 8 3,70 2,50 — 3,50 8,50 28 54 109 15 — 175 26 18.40 8.50 5.80 1,40 5.60 6.50 17 35 73 22 40 10 \$600 \$660 \$700 F1.380 F1.380 F1.390 F1.260 F1.270 F1.270 F1.280 F1.285 F1.285 F1.285 F1.285 F1.285 F1.285 F1.285 F1.285 3.60 1,70 ABM C ABM P AEGM P AH C AH C AH C AMEY P A AMEY P AMEY P A A A AMEY P A A AMEY P A A AMEY FI.100.3 FL 72,58 10.50 FI.150.30 14.50 FI.150.30 4 FI.76.50 4.50 FI.162.28 10 F1,254,5(4 15 25 13 28 67 5 25 4 2 2 2 2 5 1 6,20 11 AFL276 10 12,50 AFL 63,60 6,50 8,20 2,30 5,50 5,30 12.50 A.FI. 63.80 6.30 FI. 69 7.60 FI.178.58 9.50 FI. 72.80 5.30 FI. 61.60 4.50 12 FI.170.20 8.50 A.FI.361.56 4 3 433 91 75 8 8,50 3,40 p 4 8,90 5 10 78 78 51 92 5 1

											_		<u></u>		
			-	LO	ND(N	TRA	DED OI	PTK	DNS	;			٠.	
		(BALLS	•		PUTS		l		C	ALLS.		 1	PUTS	ı
Optio	P	Apr.	Joly	Oot	Apr.	July	Oct	Option		May	Aug.	Nov.	May	Aug.	Nov.
B.P. (*530)	500 550 600	45 18 5	50 32 15	68 45 25	10 35 73	15 40 73	20 60 83	P. & O. (*493)	420 450 500	78 47 25	92 58 35	75 48	10 28	15 35	20 40
Cons. Gold (*469)	460 500 550	37 14 6	55 30 13	67 40 —	17 47 92	50 52 92	98 90	Racal (*200)	140 160 180 200	64 46 28 18	72 54 40 25	48 36	2 3 6 15	2 5 9 16	111 18
Courtaulds (*225)	200 200	49 30 17	55 37 24	59 43 32	4 9 18	2 7 14 23	4 8 17 26	RT.Z. (*612)	500 550 600	130 92 53	135 100 65	112 75	3 10 24	5 18 37	25 47
Com. Union (*275)	240 240 240 260	59 39	14 66 47	20 72 53	2 5	4 8	12	Vasi Reefs (*881)	60 70 60	17 94	2712 1912 12	201 ₂	124 278 8	7 10	-7 11
,	260 260	25 12	32 18	38 23	19	13 22	19 27	Optio	ОП	Féb.	May	Aug.	Feb.	May	Aug.
Cable &Wire (*6 30)	550 600 650	98 50 23	113 73 42	182 98 55	10 40	17 45	10 22 50	Ex 10% 1989 (*£98)	96 98 100	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		ΙΞ	015 014 214	=	Ξ
Distillers (*531)	500 650 600 660	148 98 48 11	145 95 52 16	97 52 20	11 ₂ 6	1 1 2 1 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	3 14 35	Tr. 113% 1991 (*£105)	102 104	ΙΞ	44 84 14	44 212 156	=	0,76 0,78 0,78	04 0H 15g
G.E.C. (*204)	160 180 200 220	48 30 13 6	56 35 88 13	64 46 30 18	8 4 10 22	3 6 13 26	4 7 16 30	Tr. 113% 65/87 (*£113)	106 108 110 112 114	678 478 276 1 0%	766 646 546 218	81g 61g 51g 414	0± 0± 0± 0± 1±	014 058 018 118 218	04 113 213 516
Grand Met. (*898)	330 360	75 50	92 72	77	2 4	10	15	Option	,	Mar.	June	Sept.	Mar.	June	Sept.
I.G.I.	390 420	30 15	47 24 200	56 48 210	10 28	18 28	23 35 10	Beecham (*383)	300 330 360	92 69 35	102 77 55	107 82 60	4 8	4 8 18	5 15 23
(*829)	850 900	142 92 62	147 107 74	160 122 87	13 30	12 20 42	32 30 50	Boots (*238)	220 240 260	19 12 12	35 20 10	42 43 23 17	30 19 25	28 5 15 28	8 17
Land Sec. (*328)	280 300 350	53 35 15	58 43 21	55 51 28	1 1 4 1 5	18 18	10 21	BTR (*443)	390 420	92 60 38	107 82 55	113 87 65	2 4	4 8	51 10
Marks.& Sp. (*198)	160 180 200	57 37 18	43 23 14	49 50 19	2 5 15	20 2	5 12 24	Bass (*680)	600 650	18 88 43	110 70	42 130 90	4 12	13 32 6 25	25. 48. 17. 35
Shell Trans (*688)	650 700 750	48 15	58 27	68 35	16 48 85	25 53	33 60	Bive Circle (*583)	550 600	19 43 17	53 58 33	73 48	40 I	45 18 46	25 50
Traf'gar Hse (*321)	300 330 360	35 20 8	40 25 15	47 33	7 19 40	10 23 42	14 26	De Beers (*\$6,70)	550 600 650	140 95 60	150 107 78	168 125 90	12 30	16 33 50	99 43 65
			_				_	GKN (*843)	240 250 280	105 85 65	108 88 68	118 93 76	11 ₂	.4 6	67
Орион		May	Aug.	Nov.	May	Aug.	Nov.	Glaxo (*1030)	825 860	216 190	63 240	265	4	8	12
Brit. Aero (*515)	420 450 500 550	105 70 45 23	126 90 63 38	100 77 47	10 92 50	18 30 55	25 40 62		900 950 1000	150 100 65	916 170 125 80	230 185 140 110	10 20 30	12 20 30 45	20 35 45 50
BAT Inds (*360)	280 300 330	95 75 48	105 85 60	_ 65	10 10	5 5	17	(°165)	135 150 160	32 18 —	35 -	41 29 24	34	9	4 10 14
Barclays (*462)	420 460 500	55 38 17	70 47 27	43 50	18 25 52	12 30 57	-35	Jaguar (*480)	360 390 420 460	123 93 65 35	198 98 73 48	143 115 90 65	2 5 18	3 7 15 30	5 9 80 33
Brt Telecom (*189)	180	22 84	26 13	30 19	14	7 15	9 16	Thorn EMI (*447)	360 390	92 63	32 106 77	45 92	16. 42 5	- 60 1 - 6	35 55 10
Împerial Gr. (*816)	220 240 260 260	78 : 58	79 59	-	32 1 1	8 8	╘	Tesop	420 460 280	38 15 65	52 26 70	65 45 80	20	13 80	18 35 8
	300 330	38 23 7	44 29 12	32 14	2 4 22	4 9 25	11 26	(*540)	300	46 23	55 36	65 48	8	10	19 20
(*156)	160 180 200 200	16 8 4 7	22 15 9	28	16 30 45 65	25 33 45 65	97	Option FT-SE 14 index 14	Fet 00 13:	5 140	i	May Fe 157 157	— - — 1 - -	- 3 6	May 10
Lonrho (*263)	200 220 240 260 280	.68 80 871 ₂ 26	72 53 40 30 21	47 86 25	112 212 6 14 23	2½ 5 9 17	- 11 20 87	February	75 6 00 3 25 1	95 75 4 50 7 35	87 67 48	96 77 88 7	1 1	18	20 28 40

WORLD STOCK MARKETS

			•				
	AUSTRIA Feb. 24 Price . + or Sent	GERMANY Feb. 24 Price i	+ or Feb. 24 Kron		Feb. 24 Ten —	CANADA	·
i	Gredit nst it pp * 2,380 -10 Goesser * 3,500 -10 Interuntal * 14,000 Junghunglauer * .2880\tau - 20 Lantderbank * 2,100 Parl mooser 685 -10 Steyr Daimler 156 -6 Veltscher Mag * 9,350 -50 BELGIUM/LUXEMBOURG Feb, 24 Price + or Fra	AEG. 323.6 Alianz Vers 2,180 BASF 307.5 Bayer 318 Bayer-Mypo 537 Bayer-Verein 496 BHF-Bank 471 BMW 552 Commerchank 267 Commerchank 260,5 Cont'l Gummi. 210 Daimler-Benz 1,265 Degussa 445	7 Kyserner 149 Kyserner 149 Kyserner 153 Kyserner 153 Kyserner 154 Ky	5 -0.5 Heraid WyTimes 5.46 + Cl Aust	### Bank	Sales Stock Righ Low Class Clarg	25450 Imasco
	Banq. Gen. Luc. 11 000 Banq. Int.A.Lux 10 000 Banq. Int.A.Lux 10 000 Bankart 5, 900 + 60 Cockeriii 9,500 + 60 Cockeriii 9,500 + 60 Cockeriii 9,500 + 60 EBS 4,670 - 10 Fabrique Nat 2,120, -10 Gall (Brux) 2,900 + 10 Gall (Brux) 2,900 + 10 Gareraka Bank 5,480 - 10 Gavaer 5,7450 + 15 Gavaer 1,7450 + 1	Dreadner Bank 568	9.5 Sco Bilbao 650 Sco Central 484	0 + 20	Nippon Steel	18400 Asamera 1859 9 9 9 9 9 1857 1859	228
	Tractionel 6,740 + 90	Portohe	Astrac Copco	-8 +4 +4 +2 +4	Stome Bank 1,670 +10	Sinco Cal Fr Single Fr Single Sinco Single Singl	1500 Molson B \$237 \$237 \$237 \$237 \$237 \$237 \$33
	Provinsbanken 458 +3 Smidth (P.L.) B 300 +1 Sophus Berend 955 -5 Superfos 530 +1 FRANCE Feb. 24 Price + or Fm. Emprunt 4/8 1875 1531 -59 Emprunt 78 1875 7,410 +41 Accor 599 -15	Olivett	1589 Adla Intl. 6,00	0	Victor	7550 CIRII A \$181, 18 18 -1, 7300 GuarPA \$111, 111, 111, 111, 115, 115, 115, 115	8100 Pembins \$141; 141; 141; 141; 151; 2575 Withorne \$161; 161; 161; 161; 151; 151; 151; 151;
-	ACCOT	AMRO 108.2 - Sredeno Cert 204 - + Bos Kalls Westen 18.5 - Buehrmann - Tet Calland Higs. 24 - Dordtsche Pet'm 161 + Elsevier - NDU 168 - 83.5 - + Gles Freendes 83.5 - + Gles Freendes 84.5 964.5 964.5 964.5	Nestle	0 +10 Cason 1,030 +30 Cason 2,00 +40 Cason Comp. 1,650 +11 Cason Comp. 1,650 +12 Cason Comp. 1,650 +150 Cason Comp. 1,650 -150 -150 Cason Comp. 1,650 Cason Comp. 1,6	Genting	DOW Feb. Feb. Feb. Feb. Feb. Feb. Feb. Feb.	AUSTRALIA AN Ord. (1/1/80) 1882.8 1087.0 1052.3 1049.6 1075.6 (4-2/65). 715.3 (7/1/85) Metals & Minis. (1/1/80) 620.8 509.5 584.0 504.1 588.3 (28/5) 582.5 (7/1/85) AUSTRIA Credit Alticen (2/1/62) 114.15 115.56 114.75 114.90 126.52 15/1/85 58.21 (24/1/85) BELGIUM
•	Lafarge Coppes, 1,037 +67 L'Oreal	KLM	1.5 Adeialde Steams; 18.2 0.3 AMZ Group	+ or Hitschi Gredit 1,470 + 9 Hitschi Gredit 1,470 + 10 Honda 1,050 + 11 Honda 1,050 + 11 Honda 1,050 + 12 Honda		21/2/66 4/1/65 21/2/66 1/6/5 Indust to 947.61 844.79 242.03 244.69 249.21 247.61 122.4 247.61 3.69 21/2/65 4/1/65 21/2/65 36/6/5 Financials 28.51 28.57 28.04 28.42 28.00 29.51 37 29.51 8.64 21/2/65 21/2/6	CAC General (5/1/80) 524,7 516,9 366,7 306,5 224,7 (24/2/86) 188,9 (5):351 Ind Tendance (51/12/85) 128,5 128,4 116,2 114,5 128,5 (24/2/88) 100,6(51/12/85) GERMANY FAZ Aktien (51/12/85) 652,58 655,79 644,00 656,57 718,78, 15:1/80; 682,59:51/85) Commerzbank (1/12/85) 1868,4 1988,1 1940,4 1977,8 2161,8(15:1/80) 1111,9 (5/1/85) NONG KONG Hang Seng Bank (51 7/84) 1742,57 1747,96 1758,17 1751,67 1825,84 (8/1/86 1228,74;2/1/85) ITALY Banca Comm Ital. (1872) 558,47 544,12 536,28 527,52 558,47;24-2/86 228,58 (2/1/85)
: •	Notice Utility 1,450 1,450 1,450 1,500 1	Royal Duton	5.1 Bridge Oll 1.7 5.5 B. H. Prop 6.7 5.6 Burns Philip 5.34 1 CRA 5.86 0.5 OSR 5.86 0.5 Coles (G.J.) 4.3 Coles (G.J.) 4.3 Consolidated Pail 0.18	+0.85 Kubots	Gold Fleids S.A. 38.00 -0.5 Highweld Steel 7.65 -0.5 Nedbard Steel 7.65 -0.5 OK Bazaars 14 Protea Hidga 47.0 +1.5 Rust Plat 29.5 +0.75 Saferen 15.76 Sage Hidga 9.5 +0.5 Smith (CG) 27.50 +0.5 Unisec 10.2 -0.5 Unisec 10.2 -0.5 Column 10.76 Column	DIVIDEND YIELDS Feb. 14 Feb. 7 Jan. 31 Jan. 24 (approx)	NETHERLANDS AMP.CBS General (1970) ANP.CBS Indust (1970) ANP.CBS Indust (1970) 245.7 246.6 246.9 246.8 257.0 (8/1/85) 185.6 (8/1/85) ANP.CBS Indust (1970) 245.7 246.6 246.9 246.8 257.0 (8/1/85) 185.6 (8/1/85) NORWAY Oslo SE (4/1/85)
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FALLS

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AMEX COMPOSITE PRICES Prices at 3pm, February 24 Lew Close

1% 1%
2% 2%
10% 10%
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3% 3%
4%
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Curtics 82 11
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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a spit or stock dividend amounting to 25 per cent or more has been pad, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are armual disbursements based on the latest declaration.

a-dividend also extra(a), b-earnust rate of dividend plus stock dividend, o-liquideting dividend, cid-called_6-new yearly low, a-dividend declared or paid in preceding 12 months, p-dividend in Canadien funds, subject to 15% non-residence tax. I-dividend declared after spill-up or stock dividend, refluxiond paid this year, ornithed, deferred, or no action taken at least dividend meating, k-dividend declared or paid the year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading, nd-next day delivery, P/E-price-earnings ratio, r-dividend declared or paid in preceding 12 months, plus stock childend, s-stock spits. Dividends begins with date of spits sissues. I-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution data, unnew yearly high, w-trading haited, vi-in bankruptcy or receiverships assumed by such companies. vi-dividend or ex-dividend and sales in full, yid-yield, 2-asies in full.

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Oscillating around the 1,700 level

IN A SOMEWHAT restrained response to another session of plunging yields in the bond market, the Dow Jones industrial average jousted with the 1,700 barrier yesterday, writes Terry Byland in

New York.

Bond prices rose strongly ahead of the news that the federal budget deficit fell dramatically in January. After the news, bonds showed gains of just under 2 full points. The yield on the market's key 30-year bond fell to around 8½ per cent against 8 per cent for four-year federal securities.

At the close the Dow Jones industrial average was up 0.57 at 1,698.28.

The stock market was hesitant and the first hour saw the Dow fall nine points as profits were taken after Friday's late surge. The blue chips edged forward later, but the broader market was slow to follow.

The Dow average was restrained by a fall of \$1% to \$76% in General Electric, after Zimmer blamed it for concealing

flaws in the nuclear reactor rebuilt for it.

Despite further reductions in posted
oil prices by the US majors, oil stocks
edged higher. At \$53%, Exxon added \$%,

240

220F

1981

HEW YORK

FT Ord

FT-SE 100

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AUSTRALIA

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AUSTRIA Credit Aktie

BELGIUM

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Silver (spot fixing)

Oil (spot Arabian Light)

Coffee (Mar)

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SWEDEN

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Straits Times

WEST GERMANY

Toronto Metals & Minls

TOKYO

FT-A All-share

FT Gold mines

FT-A Long gilt

DJ Industrials

DJ Transport

STOCK MARKET BIDICES

1,696.67*

184.91*

1,533.0 745.76

822.26

332.1

1.641.7

114.19

123.50

652.00

240.1

354.38

117.85

571.5

277.2

COMMODITIES

GOLD (per ounce)

Feb 21

S&P Composite 223.31* 224.62

* KEY MARKET MONITORS

Standard & Poors 500

1,697.71 1,275.84

625.11

149.57

179.36

1,268.9

606.89

664.51

10.91

441.4

471.1

70.09

130.05

172,49

205.8

162.5

84.44

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Prev \$338.50

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n/a 2,178.1 2,079.0 2,803.5° 2,809.7 2,591.2

136.39

228.77

313.9

120.4

1,742.37 1,747.06 1,435.17

559.47 544.12 277.45

246.6

239.2

631.88 640.44 810.9

1,207.9 1,140.4

114.81

1,855.63 1,836.47 1,438,37

571.1

Prev

275.6

404.25p

n/a

\$341.25

\$351.00

£2,594.00 £2,460.00

£995.00

356.57 326.45

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1,968.1 1,176.8

Atlantic Richfield added \$% to \$53%, and Standard Ohio 5% to \$48%.

As the dollar paused after an early gain in New York, major industrial stocks showed mixed changes. IBM, heavily traded, eased \$% to \$159%. Motors found difficulty in holding on to recent gains, General Motors shading by % to \$80 in brisk turnover and Chrysler shading \$% to \$58%. However, Ford added \$% to \$72.

The airline sector sprang to life as Eastern confirmed a merger agreement with Texas Air. At \$8, Eastern was \$1% up in turnover of almost 5m shares, which easily headed the NYSE actives. Texas Air added \$1% to \$18%, heading active stocks on the American Stock Exchange. Arbitrageurs were buying Eastern shares while awaiting details of the bid, said to be \$10 a share cash, as well as strike plans by the airline's workforce, due to be announced this week.

Also active on the NYSE was ICI of the UK, which jumped \$2% to \$55%, with more than 700,000 shares traded. Trading in ICI on Wail Street, in the form of American Depositary Receipts (ADRs), now often exceeds that on the UK markets. The latest surge reflects recommendation by Wall Street brokers Eberstadt Fleming, and widespread strength in chemicals as falling oil prices cut the industry's feedstock costs.

On the over-the-counter markets, turnover of 6m ADRs of Glazo Holdings, also of the UK, drove the price up \$\mathcal{m}\$ to

Among the US chemical stocks, Monsanto extended recent gains by \$% to \$60%, Allied gained \$% to \$50% and Union Carbide, at \$87% jumped \$1.

CURRENCIES

2.3075

7.09

261

47.4

1,575.5

1.38755

INTEREST RATES

US BONDS

7.89

Dey's change

+0.16

+0.09

+0.09

-0.05

+0.39

Yield

10.22

7.30

9.60

9.60

142.54

137.54

130.93

139.54

160.46

Price 100%

871/2

93%

105%

103%

Alcoe 12½ Dec 2012 111½ 10,95 111¾ 10.90

FINANCIAL FUTURES

ee of Deposit (HMM)

Latest High

93.20 93.23 93.13 93.21

9211 92.07 92.10

114-10 115-02 114-00 113-25

Source: Memil Lynch

10% June 1990

3% July 1990

8% May 2000

10% Mar 1993

10% May 1993

10% May 2013

11.80 Feb 2013

US Treasury Bo

US Trea

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LONDON

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Abbot Lab

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Federated Dept Stores

1021 8.252 101 8.395 1031 8.341 102 8.479 1071 8.8588 1051 8.729

8.39

8.21

7.98 8.28 9.00

Price

100%

87%

93%

STERLING

n/a 3.7775 n/a 2,279.75

1.447

10.26

2.00805

7% 7.67 7.27

100% 7.931

Day's

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Yield

10.18

7.35

Feb 24 Previous

266.75

10.2775

n/a

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7.80° 7.02°

US DOLLAR

Feb 24 Previous

182.25

7.0225

(3-month offered rate)

3-month USS

th CDs

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Treasury

1993 1996

8**%**

8%

9% 2016

1-30

15-30

n/a n/a It was another heavy trading session for Texaco, down \$\mathscr{h}\ at \$28\mathscr{h}\ as traders awaited the next development in the legal fight against the \$11.1bn penalty ordered by a Texas court. At \$57\mathscr{h}\, Pennzoil shed \$\mathscr{h}\.

Bank stocks shaded nervously against the background of worries over Mexico's foreign debt payments and the closure of banks in the Philippines. Losses were small, however, and selling light.

A strong feature among contractors was FMC, which jumped \$1% to \$87 after disclosing a recapitalisation plan giving stockholders a substantial payout.

In the credit market, bond prices rapidly extended Friday's gains. Short-term rates shaded easier, helped by \$1.5bn in customer repurchases by the Federal Reserve. The reversal of the Fed's recent policy, which has been to drain reserves, encouraged the Treasury bill sector. Federal funds remained at 7% per

TOKYO

Domestic path to fresh peak

SECURITIES HOUSES and individuals bought domestic stocks in Tokyo yesterday, driving prices to a record high for the first time in four trading days, writes Shigeo Nishwaki of Jiji Press.

The Nikkei average gained 70.28 from last week's close to 13,503.49. Trading was relatively active for the beginning of the week, with volume at 399m shares, compared with Friday's 432m. Advances outpaced declines 442 to 380, with 140 unchanged.

In the spotlight were asset-heavy stocks, foodstuffs and consumer issues, which are not directly affected by exchange rate movements and external trade disputes.

Toel, with huge real estate interests, topped the active list with 13.76m shares changing hands. It closed Y25 higher at Y665 after fluctuating between Y649 and Y684. The issue was sought on the strength of its development of cinema

Nichirei was the second busiest issue with 9.08m shares traded and soared Y45 to Y580. The issue attracted strong buying interest on reports that the estimated market value of its cold-storage warehouse sites is Y1,100 per share.

Sapporo Breweries, fourth with 7.72m shares, remained steady, mirroring investor expectations in its project to redevelop its plant site in Ebisu, Tokyo. The issue closed Y6 higher at Y712.

QP Corp, whose imported raw material costs have fallen because of the yen's appreciation against the dollar, leaped Y40 to Y919. Yamazaki Baking added Y25 to Y990 and Takara Shuzo Y28 to Y644.

Among consumer issues, Tokyu Department Store and Seiyu rose Y14 and Y40 to Y710 and Y1,280, respectively.

Some construction issues were popular in construction issues were popular in the construction is the construction in the construction is the construction in the construction is the construction in the construction in the construction is the construction of the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in the construction in the construction is the construction in t

some construction issues were popular in anticipation of expanded public works. Hazama-gumi, sixth with 6.59m shares, gained Y16 to Y444, while Tekken Construction climbed Y24 to Y502.

Electric railways formed with Tohu

Electric railways firmed, with Tobu Railway rising Y12 to Y472 and Odakyu Y6 to Y624. Tobu was the third most active stock with 8.61m shares and Odakyu 10th with 5.27m.

Conversely, Janome Sewing Machine, which had led the market until last week, came under heavy profit-taking pressure, shedding Y90 to Y1,310. The issue was the seventh most active issue with 6.11m shares. Ebara lost Y16 to Y550 and Mitsui Mining Y40 to Y690.

Tokyo Gas fell Y6 to Y326, Nippon

Steel Y3 to Y161 and Mitsubishi Heavy Industries Y4 to Y368.

SINGAPORE

ANXIETY over the suspension of brokers Lyall and Evatt and uncertainty over the future of other houses spread through Singapore and prices turned

sharply lower.

Investors hopes were soured by Cycle & Carriage's denial of the rumour that it is involved in a plan to rescue Pan-Electric Industries from liquidation.

Singapore Airlines, the market's most active issue, moved against the trend to end 20 cents firmer at \$\$6.55. Elsewhere, Genting lost 18 cents to \$\$4.08, Raleigh 16 cents to \$\$1.61, and Fraser and Neave 10 cents to \$\$6.25.

Among banks, DBS lost 24 cents to

CANADA

TORONTO had edged slightly lower by mid-session yesterday, and sectors tended to be mixed.

Most activity man seem in financial

Most activity was seen in financial services issues which had been marked lower on Friday. Bank of British Columbia dropped 10 cents to C\$4.65, Canadian Imperial Bank of Commerce added C\$¼ to C\$19% and Royal Trustco Class A gained C\$½ to C\$28.

HONG KONG

A FLURRY of late buying helped Hong Kong to end off its lows for the day. The Hang Seng index, which had lost

12 points at one stage, closed off 4.69 at 1,742.37.
Investors looked content to sit it out ahead of Wednesday's budget announce-

ment from the Government.

Among property issues, Cheung Kong gained 10 cents to HK\$20.50 while Hongkong Land fell 5 cents to HK\$6.50.

EUROPE

Record run given new inspiration

THE RECORD-BREAKING form continued on the European bourses yesterday with fresh peaks in France, Italy, Belgium and Spain although volume in some centres began to contract.

Paris was inundated with a wave of buying partly fostered by the start of the new account on Friday and given further impetus by the 8½ per cent call money rates, the lowest level since July

The CAC General index, which gained over 6 per cent in last week's record-studded streak added 10.8 to a high of 324.7 with trading volume, bloated by huge foreign buy orders, expected to exceed the FFr 1.7bn record set on Friday.

Moët-Hennessy, the champagne-torosebush group, was one of the star performers with a FFr 350 jump to FFr 2,400 – just below its high for the year – while Matra advanced FFr 101 to FFr 1,750 after the successful weekend launch of an important Earth observation satellite by an Ariane rocket, thus improving the perceived commercial viability of the launcher.

Club Med advanced 6.7 per cent to FFr 457 on revived, but still unconfirmed, reports that the group had predatory intentions on Wagons-Lits of Belgium.

tentions on Wagons-Lits of Belgium. Carrefour was boosted FFr 110 higher to FFr 3,480, a new 12-month high, and Damart added FFr 190 to FFr 2,050.

Profit-takers, however, indulged in some select selling, with Valeo FFr 30 lower at FFr 564 after last week's results and Darty was trimmed back FFr 40 to FFr 2,700. Bouygues surrendered some of its recent gains – partly attributable to likely orders from the proposed Channel Tunnel project – and lost FFr 175 to FFR 960

Skis Rossignol, oscillating for the past fortnight, turned lower with a FFr 52 decline to FFr 3,150.

Frantic domestic institutional buying catapulted Milan to another high with a 15.35 gain in the Banca Commerciale index to 559.47. After-bourse trading took most sectors higher still.

The mutual fund buying programme spotlighted Fiat with a L245 jump to an all-time high of L8,690, while Generali, the other mainstay of the market's bull

un, surged L1,990 to L91,990; Olivetti and Montedison, firm foreign favourites, also touched peaks, with the former jumping L420 to L11,260 and the latter L132 to L3,430.

to L3,430.

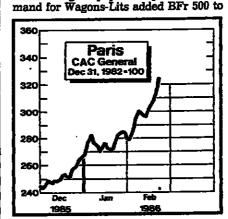
Among second line stocks, Saipem —
unsettled in recent weeks with some severe setbacks in a rising market —
looked a little fresher with its L9 gain to
L4,680. ENI, the parent of the pipelaying

and drilling group, has indicated that it

wishes to progressively reduce its controlling stake.

The steam began to run out of Brussels, although the Belgian Stock Exchange index managed to hit another high – its seventh in a row – with a 3.96

rise to 3,264.38.
A shortage of paper and persistent de-



its closing quote of BFr 6,200 following favourable weekend press recommenda-

Chemical group UCB firmed BFr 160 to BFr 6,750, while market leader Petrofina retreated BFr 10 to BFr 6,610. Cometra lost BFr 60 to BFr 2,880.

etra lost BFr 60 to BFr 2,880.

Utilities, the cornerstone of last week's assault on peaks, weakened with Intercom BFr 85 cheaper at BFr 3,645 and Unerg BFr 40 lower at BFr 2,660.

Solvay retreated from Friday's high amid steady profit-taking. It lost BFr 90 to BFr 8,050 and news that it plans to buy a large US pharmaceutical group for \$117m arrived after the close of trading.

Madrid was led to its peak by construction stocks although Telefonica

struction stocks although Telefonica continued to draw the crowds with its 2.75 percentage point gain to 135 per cent of nominal value. Frankfurt and Amsterdam turned

lower as the weaker dollar inhibited US purchases. Zurich finished mixed with few features although Landis & Gyr fell SFr 20 to SFr 2,160 amid its optimistic profit forecast for the year.

Stockholm gained ground, Fermenta remained suspended and turnover was LONDON

Forecasts fuel another high point

RECORD LEVELS were hit in London again yesterday as prices powered ahead amid another heavy day of business. For the eighth time in nine consecutive sessions, the FT Ordinary share index surpassed the previous peak to close with another sharp gain of 19.2 at 1.275.2. The FT-SE 100 share soared 15

to 1,533.0.

Optimistic forecasts of a sustained recovery in UK output, partly because of
lower oil prices, were the major

stimulants.

The only dull area was the banking

Gilt-edged bonds went into overdrive also. After opening sharply better, prices rose further on domestic and overseas interest before faitering in mid-afternoon. Longs ended 1% up while shorts were 1% higher.

Chief price changes, Page 47; Details, Page 46; Share information service, Pages 44-45

AUSTRALIA

INDUSTRIALS and miners were buoyed by bullish sentiment in Sydney yesterday and prices ended generally higher for the third consecutive session.

The All Ordinaries rose 5.0 to 1,062.0 while the All Industrials climbed 8.2 to a

record high of 1,641.7.

BHP lost 8 cents at A\$6.70, A\$1 below the partial takeover offer by Mr Robert Holmes a Court, and Rupert Murdoch's News Corporation continued its sharp gains to end 45 cents higher at A\$12.90.

SOUTH AFRICA

THE RISE in the rand countered better world bullion prices in Johannesburg yesterday, but gold issues still ended

Vaal Reefs added R3 to R229, Buffels gained R1 to R72 and Southvaal edged 50 cents higher to R115.50.

New-listing Freegold, which encompasses the recently-merged Orange Free State Gold Mines, added 75 cents after opening at R34. Ofsils, also trading for the first time, rose from R81 to R83 25. Platinums were firm, with Rustenburg up 55 cents at R29.35.

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7.0

FT

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THE EUROMARKETS IN 1986

London, 11 March 1986

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THE STOCK EXCHANGE VIEW
Mr Graham Ross Russell

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